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NEWS SUMMARY

GENERAL

Israeli dies in raid on Lebanon

An Israeli officer was killed and two soldiers wounded during a raid on the United Nations-controlled area of Southern Lebanon.

It was the first Israeli army casualty in operations across the border since the Israeli invasion of Southern Lebanon last year. The army blew up two houses they claimed were being used by Palestinian guerrillas.

A Security Council debate on Palestinian rights was due to take place in New York yesterday despite efforts by Andrew Young, U.S. Ambassador to the UN, to get the talks postponed.

Rhodesia attacks

Zimbabwe Rhodesia said its air and ground forces had launched a further six attacks against alleged Patriotic Front guerrilla targets in neighbouring Zambia. The attacks come only three weeks before planned settlement talks in London.

U.S. talks off

Northern Ireland Secretary Humphrey Atkins turned down New York Governor Hugh Carey's invitation to discuss Ulster with Michael O'Kennedy, Irish Foreign Minister in the U.S. Back Page

Dino arrested

Orestes Barbouris, 17, was taken by police from Huntingdon to Lowestoft where he is expected to face charges today. The youth, known as Dino, was arrested at a road block in Northamptonshire.

Sensitive cuts

Ministers are likely to adopt a sensitive approach towards Civil Service manpower cost cuts in a bid to resolve differences between departments, avoid labour disputes, and yet cut public spending in real terms by April, 1982. Back Page

Family missing

UK executive Rolf Schild, 55, his wife and 14-year-old daughter, have been reported missing in Sardinia. Police said the London family, who were holidaying on the island, failed to return home after a party.

Murder charge

Two brothers extradited from France have been charged with the murder of Thames Water Authority official John George. John Richards, 22, and Jason, 20, will appear before Guildford magistrates today.

Hijacker held

A hijacker was arrested after ordering a U.S. aircraft carrying 120 people to return to Portland, Oregon, four hours after it had taken off for Los Angeles. James Allbee, 26, said he hijacked the jet because he wanted to be admitted to a mental hospital.

Kurdish unrest

Turkish Premier Bulent Ecevit sent his Interior Minister to Eastern Turkey to investigate reports of unrest and terrorist activity among the Kurdish minority there, aimed at winning independence from Ankara. Page 3

Briefly . . .

First day of Cornhill Test match between England and India at the Oval will be picketed by ASTMS in a pay dispute with the insurance company.

Four of the 10 prisoners staging a rooftop protest at Peterhead jail have come down voluntarily.

Police are hunting a hit-and-run driver who killed a pregnant woman and her baby nephew outside their north London home.

Armed robbers seized valuables worth an estimated £270,000 in a raid on a Madrid jewellery workshop.

BUSINESS

Gold at record; Equities off 2.6

● GOLD rose $¼ to a record closing level of $309¼ in London.

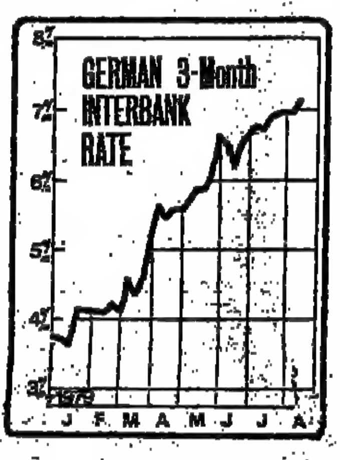
● STERLING rose 60 points to close at $2.2245 and its trade-weighted index finished at 71.0 from 70.8. Dollar's index fell to 84.7 from 84.8.

● EQUITIES: The FT 30-share index, 6.2 down at 1 pm, recovered on the ICI interim figures and closed 2.6 down at 463.1.

● GILTS: Minor gains in short-dated issues were replaced by losses extending to ⅛ and the Government Securities index finished 0.03 down at 73.54.

● WALL STREET was down 3.25 at 882.59 just before the close.

● BUNDESBANK is to limit use of the facility enabling banks to borrow funds against securities as collateral, starting from next month, in a move to limit credit expansion. Page 2: Money markets, Page 23



● BRITISH RAIL agreed last night to restore freight trains on East Coast routes pending consultation. Mr. Ray Buckton, ASLEF leader, said he was sure his executive would lift threatened industrial action.

● BRITISH NATIONAL Oil Corporation will still be in a strong position in the North Sea, despite the sale of assets expected within two months, according to a new industry evaluation. Page 6

● PUBLIC SECTOR borrowing in the first quarter was running at £2.8bn, equivalent to an annual rate of £11.2bn. But this was well before June Budget measures could take effect. Back Page

● CHINA is considering encouraging material incentives and competition between enterprises in the hope of achieving higher productivity and improved quality. Back Page

● ROTTERDAM port was threatened with severe disruption last night following an unofficial strike by tugboat crews. Page 2

● NEW TOWNS Association is expected to name shortly the three or five estate agents who will handle the £140m sale of English new town property ordered by the Government. Page 6 and Property, Page 7

● GENERAL MOTORS Corporation of the U.S. is to build a $300m car engines factory in Austria.

COMPANIES

● TARMAC, building and construction group, has handed over its remaining 40 per cent stake in its loss-making Nigerian offshoot, Cubitts Nigeria. In return, Tarmac will shed responsibility for some of its Nigerian debts. Page 22

● House of Fraser second quarter pre-tax profits were down slightly from £6.93m to £6.51m to give a total of £7.84m for the 26 weeks to July 28, compared with £8.32m in the same period last year. Page 22 and Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Aero. and General	145	+ 5
Arlington Motor	111	+ 4
Fitzwilton	53	+ 3½
Glaxo	443	+ 5
Hepworth Ceramic	114	+ 4½
Hoffnung (S.)	56	+ 3
ICI	351	+ 11
Mills and Allen	288	+ 13
Stylo Shoes	215	+ 11
Whittingham (Wm.)	93	+ 12
Durban Deep	525	+ 23
FALLS		
BOC Intl.	70	− 2
Barclays Bank	422	− 6
Brown (J.)	403	− 14
Burton "A"	250	− 10
Dalgety	279	− 5
Decca "A"	295	− 25
Distillers	220	− 3
Dowty	309	− 6
EMI	93	− 3
GUS "A"	404	− 12
House of Fraser	131	− 7
Land Secs.	297	− 4
Macarthys Pharm.	146	− 4
Smith (W. H.) "A"	172	− 9
Stag Line	142	− 8
Woodhead (J.)	99	− 3
Burmah Oil	140	− 4
Siebens (UK)	250	− 12
Bougainville	123	− 6
Western Mining	160	− 6

Men at threatened shipyards plan to ban overtime

BY GARETH GRIFFITHS

Workers at shipyards threatened with redundancy by British Shipbuilders are to start an indefinite official overtime ban. It might be extended to other yards and an all-out strike is possible.

The overtime ban was agreed yesterday at a Confederation of Shipbuilding and Engineering Unions conference at Newcastle upon Tyne.

The Confederation stiffened its resistance to the redundancies announced last week. British Shipbuilders wants to reduce its merchant shipbuilding workforce by 10,000, making about 6,000 workers redundant.

British Shipbuilders met union officials after the conference. They agreed to further meetings in Blackpool from next Wednesday to Saturday during *the run-up to the Trades Union Congress.* Both sides will discuss the closures and redundancies on a regional basis.

The corporation said that the overtime ban fell outside its procedure agreement. Mr. Michael Casey, chief executive and Mr. John Parker, board member for marketing, were unable to attend yesterday's meeting as they were visiting Poland.

British Shipbuilders said that the visit had been arranged earlier and had nothing to do with the present dispute's effect on the Polish order in Scotland.

Nine bulk carriers for Poland are being built at Govan and Scotstoun Marine and three bulk carriers at Robb Caledon, Dundee. Considerable penalty clauses might be invoked if delivery dates are not met.

Mr. John Chalmers, chairman of the confederation's shipbuilding negotiating committee and general secretary of the Boilermakers' Union gave a warning yesterday that the overtime ban might spread. He said that the Government should be brought into the discussions.

The unions have instructed members in all British Shipbuilders' yards not to accept voluntary redundancies.

Overtime has been banned this week at several shipyards affected by redundancies. Workers at Govan, Scotstoun Marine, Scott Lithgow and Robb Caledon at Dundee and Sunderland Shipbuilders have imposed overtime bans, as have the Yarrow yards, which are not affected by the closures.

Altogether, 17,000 workers are banning overtime in Scotland this week and 4,000 in England.

The yards affected are building 23 ships.

Workers at the Cammell Laird yards at Birkenhead and Smith's Dock, on the Tees, are expected to join the overtime ban today or Monday. A series of mass meetings is planned for all the affected yards on Monday.

Mr. Sammy Gilmore, the Govan convener, said after the delegate conference that the overtime ban would mean that no ships were launched at Govan, Scotstoun Marine or Yarrow.

The conference passed a resolution saying that the planned redundancies were on a totally unwarranted scale and called for fresh negotiations. It also wanted a TUC campaign on jobs and new Government policies on creating jobs.

The alternative strategy produced by shop stewards at Govan Shipbuilders was included in a 22-point plan to increase demand for merchant shipping. The unions want more public sector orders, better financial arrangements and subsidies and a wider range of shipbuilding activity.

Alitalia cancels options for six DC-10s

BY JOHN WYLES IN NEW YORK

ALITALIA, the Italian national airline, is cancelling conditional orders for six McDonnel Douglas DC-10 aircraft. It is believed to be planning a major order with Boeing.

Confirming the loss of Alitalia's options, McDonnell Douglas would not speculate on the airline's reasons. It acknowledged that another conditional order, from Egyptair for four DC-10s, was in jeopardy, and that the Egyptian national airline was considering "other alternatives."

Alitalia first suspended its tentative orders in mid-June in the wake of the Chicago crash of a DC-10, when the entire American fleet of the aircraft was grounded by Federal order, and foreign-owned DC-10s were not allowed to fly into the U.S.

Alitalia's decision is less of a blow than it would have been if the orders, worth about $240m, had been firm.

However, option orders are more often than not converted into definite purchases, and the cancellation is a setback for McDonnell Douglas hopes of a speedy rehabilitation of the aircraft after the Chicago crash.

The only firm orders received since the May 25 disaster have been by Varig, the Brazilian national airline, which is buying five DC-10s. McDonnell Douglas has 61 firm orders and 51 options.

Boeing would not comment on a report here yesterday that Alitalia was about to place an order for nine of its 747 aircraft, worth about $475m. According to the report the Italian airline would trade in five old 747s and replace them with nine new ones, four conventional passenger aircraft and five combination passenger and cargo jets.

Paul Betts writes from Rome: In June when Alitalia said it had suspended its planned purchase of the six DC-10s, Sig. Umberto Nordio, the Alitalia chairman, said he was in no position to say whether the company would go ahead with the deal.

Although Alitalia signed an initial contract with McDonnell Douglas in May to increase its passenger and cargo fleet, the deal hinged on the approval of the Italian Government and the Alitalia parent company, IRI, the giant Italian State holding group.

Alitalia said last night that the Government and IRI had not so far given their approval for the deal, although it refused further comment.

Lazards buys stake in Spillers

BY CHRISTINE MOIR

LAZARDS, the merchant bank which is advising Dalgety in its bid for Spillers, the flour-miller and food-processor, has spent £8.8m of its own money in buying a 12.3 per cent stake in Spillers through the market.

Rowe and Pitman, Dalgety's official stockbroker, has been steadily buying Spillers' shares since the £68m bid was announced last Wednesday. Yesterday it declared a further 2.2m purchases, bringing the total to 18.1m shares, 12.3 per cent.

Mr. Andrew Turner stressed that Lazards was buying the shares "on its own account." Mr. Turner is both managing director of Dalgety and a non-executive director of Lazards.

Lazards is taking the full risk. It has no agreement for Dalgety to take over its stake.

The sum that Lazards has spent so far on Spillers' shares represents over 20 per cent of the total shareholders' funds disclosed in the bank's year end balance sheet. In addition to such stated funds, however, merchant banks are permitted to have hidden reserves.

Discussing the scale of the purchase, Mr. Turner said: "It is certainly not large in the context of the group to which Lazards belongs."

Lazards is part of S. Pearson and Son, which also owns the Financial Times, Royal Doulton, Longmans, Penguin Boks and Madame Tussauds.

For Dalgety, Mr. David Donne, the chairman, said that if the company had bought shares itself it might have made it more difficult for its offer to reach the 90 per cent acceptances mark at which it is permitted to buy the remainder compulsorily.

Under company law a company cannot accept its own shares in a bid. Thus, if Dalgety itself had bought the Spillers' shares, they would not count toward the level of acceptances, and to reach 90 per cent Dalgety would have had to win acceptance from a higher number of independent shareholders.

That rule does not apply to the advising ~~bank~~. Howevr, as an associate of Dalgety, Lazard cannot buy more than 15 per cent of Spillers through the market without forcing Dalgety to make a cash offer to all shareholders.

Purchases on this scale by a bank acting for the bidding company are rare.

Lex, Back Page

CONTENTS

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ICI and Hoechst increase profits

By Sue Cameron, Chemicals Correspondent

SHARP INCREASES in pre-tax profits and sales volumes were reported yesterday by two of the world's largest chemical companies: the UK's Imperial Chemical Industries and the German-based Hoechst group.

ICI's pre-tax profits for the second quarter of this year were £162m: £64m higher than in the first quarter and £23m up on the corresponding period last year. Hoechst's pre-tax profits for the first half were DM 785m (£193m) compared to DM 550m in the first half of last year.

The main reason for the improvement in ICI's profits compared to the depressed level of the first quarter was an 11 per cent increase in sales volume at home and abroad.

ICI RESULTS FOR THE FIRST HALF OF 1979

	£	% increase on 1978
Pre-tax profits	260m	3.5
Sales	2.567bn	15.8
UK sales	1.050bn	20
Overseas sales	1.517bn	13.2
UK exports	523m	20.2

Hoechst, whose sales for the first half of 1979 were 7.5 per cent up on last year, reported an increase in sales volumes in all product areas.

However, ICI, whose results were accompanied by a 15 per cent rise in the gross interim dividend, expects some downturn in business in the second half of this year. That may not be as sharp as some forecasters have suggested and may not come before the New Year. Much will depend on the exchange rate, still volatile, and the timing and severity of the recession.

ICI's *second*-quarter results were helped by a significant rise in oil profits, most of the increase coming from the group's stake in the North Sea Ninian field that started production at Christmas.

Oil profits jumped from £5m in the first quarter to £17m in the second and are expected to increase further, with higher oil prices and increased crude production from Ninian. Although sterling has strengthened ICI's exports improved in the second quarter to a record £285m.

Pre-tax profits for the first half of the year were £260m, £9m higher than last year. Sales

(Continued on Back Page)
ICI results, Page 20
Hoechst results, Page 24
Lex, Back Page

Investment in manufacture levels off

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

CAPITAL SPENDING by manufacturing industry appears to have stopped growing in the first half of this year, although investment by the distributive and service sectors remained strong.

Department of Industry figures published yesterday suggest that the slowdown in manufacturing investment has come earlier than indicated by recent surveys of spending intentions.

The volume of manufacturing investment in the first half of the year was £1.92bn, at 1975 prices and seasonally adjusted. This was roughly 1 per cent lower than in the previous half year and about the same level as 12 months before.

This compares with a rise of between 2 and 5 per cent this year above the 1978 level, indicated by the Department of Industry intentions survey in *early June.*

However, the trend may be distorted to some extent by the rapid growth of leasing or rental arrangements, especially in the last couple of years. Expenditure on capital goods acquired for leasing is classified as service investment. In so far as this leasing is to manufacturing companies, there is an apparent switch of expenditure from manufacturing to services.

This may partly explain the buoyancy of distributive and service investment—up 7 per cent between the first two quarters to £1.29bn. In the first half of this year expenditure was about 6 per cent higher than a year earlier. This compares with a 5 to 7 per cent rise over the whole of 1979 as projected in the June intentions survey.

A further expansion of leasing is suggested by an 11 per cent rise in investment on vehicles between the last two half-years.

But even after adding manufacturing and distribution and service investment together, spending in the first half of the year was just under 3 per cent higher than the average for 1978, compared with an increase of between 3.6 and 6.1 per cent implied by the June survey.

It may be too early to say whether this marks a turning point in the investment cycle, but the upturn has lasted for three years, which is longer than usual. Consequently, expenditure may now be at peak levels in view of the expected recession and squeeze on profits and liquidity.

Since the first half of 1976 manufacturing investment has risen by 16½ per cent in real terms, and the increase would have been much larger if the fall in British Steel's spending was excluded.

Yesterday's figures also showed that the level of stocks held by manufacturers, wholesalers and retailers rose by roughly £270m in the April-to-June period.

But, even after the high level of consumer spending ahead of the increase in Value Added Tax in June, wholesalers' stocks rose by £146m in real terms between April and the end of June. This is one of the largest rises on record. Retailers' stocks increased by nearly £70m in the quarter.

The Confederation of British Industry monthly trends inquiry suggested that demand was weakening and, consequently, more companies reported that stocks of finished goods were adequate or more than adequate.

Table. Page 6

Massey plans issue

BY STEWART FLEMING IN NEW YORK

MASSEY - FERGUSON, the Canadian-based farm equipment manufacturer that has been struggling to overcome heavy losses and seriously weakened finances, announced plans yesterday to raise between C$300m and C$500m through the issue of preferred shares.

The injection of finance on that scale would significantly improve its stretched finances, while analysts who follow the company are hoping for expanding worldwide demand for its products.

However, the news of plans to raise new finance was accompanied by the announcement that Massey-Ferguson had suffered another operating loss in the third quarter of its present fiscal year.

Excluding a $95.3m tax credit, the company incurred an operating loss in the third quarter of $41.6m

£ in New York

—	Aug. 22	Previous
Spot	$2.2300-2320	$2.2165-2175
1 month	0.61-0.56 dis	0.52-0.47 dis
3 months	1.41-1.36 dis	1.30-1.25 dis
12 months	4.52-4.22 dis	4.48-4.58 dis

Tugmen's strike threatens to stop Rotterdam

BY CHARLES BATCHELOR IN AMSTERDAM

A LIGHTNING unofficial strike by tug crews was last night threatening to cause severe disruption in Rotterdam, the largest port in the world.

Attempts by strikers to persuade stevedores to stop work have so far been unsuccessful but there is a danger that other groups of workers may follow the tugmen's action, a union official said.

About 500 employees of the largest tugboat operator in the harbour, Smit International, stopped work early yesterday morning. After a meeting with the strikers yesterday afternoon the Smit management said it would not give in to their demands.

The strikers, who according to the FNV transport union are led by a former union member suspended for attempts to take unofficial action in the past, are demanding an extra Fl 50 (£11.20) a week. A wage agreement meant to last until the end of 1979 was signed only last month between the unions and the employers.

The action by crews comes at the same time as a flare-up of unrest in the meat processing industry where nearly 2,000 workers have come out on unofficial strike over a claim for extra payment. The FNV, which has since made this strike official said it was surprised by the unofficial stoppages and will decide today what action to take. It is clear however that the union is concerned at developments which represent the rejection of wage agreements only recently signed and a threat to the unions' policy of moderation.

The Rotterdam harbour authorities said nine vessels were waiting outside the harbour while another seven were unable to leave their berths for the open sea. However some ships which normally needed assistance from tugs were making their own way into the harbour. Tugs which attend oil and ore bulk carriers in the deepwater port were operating normally.

The union has threatened to extend the strikes in the meat industry unless the employers meet demands for an immediate wage increase. It has given the employers until today to agree to start negotiations.

The two sides reached agreement on a new wage contract for 1979 only four months ago. A decision by some employers in the industry, which faces a shortage of skilled labour, to pay extra bonuses to their workers has prompted a call for a uniform rise in wages throughout the country.

The Socialist-Catholic FNV and the Protestant CNV have come up with differing demands. The FNV is seeking an immediate payment of Fl 500 and an increase of Fl 20 a week while the CNV wants an increase of Fl 40 a week.

The reopening of negotiations within the life of a wage contract is unusual in the Netherlands, though the unions are blaming the employers for provoking the conflict in the meat industry.

Bundesbank restricts banks' borrowing

By Jonathan Carr in Bonn

THE WEST German Bundesbank has again moved to tighten credit policy and reduce the threat of further inflation.

At its meeting in Frankfurt yesterday, the central bank council agreed that further restrictions should be placed on the availability of Lombard credit to the banks. This is the credit the banks obtain from the central bank against the collateral of securities.

From September, the banks will only be able to obtain Lombard credit up to a particular limit based on their existing rediscounting facilities. Details of the limit have not so far been given.

The move took the markets by surprise—but it fits well into the restrictive policy the Bundesbank has been following for several months. The most recent measures were a rise in discount and Lombard rate, to 5 per cent and 6 per cent respectively, on July 13.

The Bundesbank has consistently made clear to feeling the expansion of banks' credit commitments this year has not been in line with the central bank's restrictive target for money supply growth. The banks committed DM 10bn (£2.5bn) in shorter term credit in the first five months of this year against DM 7.5bn in the same period of 1978.

There has been an increasing tedency for the banks to meet their commitments by making use of Lombard credit—which the Bundesbank sees primarily as a short-term instalment. Hence the central bank's efforts to choke off the use of this facility.

It is taking the action against the background of rising concern at inflation which totalled 4.6 per cent in July at an annual rate and is felt certain to go over the 5 per cent mark in coming months.

Part of the rise is due to oil and raw material price increases, and the relative weakness of the Deutsche Mark this year, which has increased import prices. But there is also a "home-made" element to the inflation and it is at this in particular that the Bundesbank is aiming.

Ceausescu cools conflict

BY PAUL LENDVAI IN VIENNA

IN AN attempt to cool the growing conflict between Bucharest and Moscow, President Nicolae Ceausescu, the Romanian President, has made a speech praising the "sacrifices" of the "heroic Soviet soldiers" in liberating his country from German occupation 35 years ago.

Addressing generals and party activists he repeatedly pledged that Romania would fulfil its duties both within the Warsaw Pact and under bilateral treaties of mutual assistance concluded with other Eastern Bloc countries.

It is regarded as additionally significant that the Romanian leader did not repeat his recent call for a reduction in military expenditure, or his warning that Romania could not increase arms spending beyond existing levels.

NEW BASQUE BOMBING CAMPAIGN IN THIRD DAY

More French targets hit in Spain

BY ROBERT GRAHAM IN MADRID

MILITANT BASQUE separatists yesterday bombed French targets inside Spain, for the third day running. This rise in anti-French violence is a reaction to tougher measures by France regarding Spanish Basques living in France.

Yesterday a powerful bomb caused extensive damage to the Saragossa branch of the Société Générale's Spanish subsidiary. Another blast damaged an office run by French immigration authorities at Irun just inside the Spanish border. A third bomb blew up a French number-plated car in San Sebastian.

Responsibility for the actions has been claimed by the military wing of ETA, the militant Basque separatist group. Earlier this week, the office of Credit Lyonnais in Bilbao was wrecked by a bomb and a French registered car was blown up by a molotov cocktail.

Other attacks this month have included the bombing of Renault showrooms in the Basque country plus an attempt to plant a bomb at the residence of the French consul in Bilbao.

The anti-French violence has not been confined solely to the Basque country but has extended also to Barcelona and Madrid. However, yesterday's explosion in Saragossa was the first time such an incident has occurred there.

The latest events are directly connected with increased action against known ETA sympathisers or activists in the French side of the Basque country. This month at least five Spaniards living there have had their residence permits revoked, including one who ran a family restaurant in St. Jean de Luz.

In response to the violence, French tourists are said to be wary of travelling through the Basque country.

This situation is also putting a growing strain on diplomatic relations between the two countries. France is said to be annoyed at the way certain "uncontrolled" elements—thought linked to the Spanish police—have become increasingly active inside France in their anti-ETA fight.

Tough Canadian line on uranium for Swiss

BY BRIJ KHINDARIA IN GENEVA

SWITZERLAND may have to bow to tough Canadian conditions for the resumption of uranium supplies for its ambitious nuclear energy programme during the next decade.

A draft agreement to end a freeze on supplies dating from 1977 has been reached with Canada. This is likely to spark off animated debate within the federal Government which must decide whether it needs the uranium badly enough to accept the terms. Supplies are unlikely to resume until the agreement is approved.

The negotiations with Canada were tough and Swiss officials fear Ottawa may refuse further talks aimed at softening its demands if the Swiss Government rejects the accord's main elements.

Canada froze uranium deliveries when Switzerland refused to accept changes to an earlier supply agreement. These changes were meant to ensure that the uranium could not be used to develop weapons or be re-exported in a form which might be used for non-peaceful purposes.

Switzerland, which plans to rely increasingly on nuclear energp during the rest of this century, has argued that the Canadian demands interfered with its national sovereignty. Canada insists that it must monitor closely, and even demand a ban on Swiss exports of nuclear materials if it feels that Canadian uranium may enable a third country to develop nuclear weapons.

These demands are thought to be much tougher than the safeguards usually sought by suppliers of nuclear fuels.

● *The Swiss Government will cut spending next year in an attempt to keep the federal deficit under SwFr 1.5bn (£406m) in the 1980 Budget, writes John Wicks in Zurich. A deficit of SwFr 1.34bn is budgeted for this year.*

Mr. Georges-Andre Chevallaz, the Finance Minister, warned earlier this year that there would be substantial deficits in the confederation's accounts as the result of rejection by the electorate of a move to introduce value added tax. As part of a fiscal reform package, this would have enabled the Government to balance the national budget by 1981.

He plans to confer with all other ministers to discuss reductions in expenditure. For some years the central Government has been carrying through a savings programme, including cuts in subsidy payments and a freeze on federal administration recruitment.

The confederation has had a decit in its financial account every year since 1971. This shortfall has exceeded SwFr 1bn ineach of the past five years.

Government purchases of goods and services rose by only 2.2 per cent in real terms last year, and government building programmes having been falling off since 1976. This year, purchases by the state and the social security services are expected to rise in absolute terms by 3 per cent, or only slightly more than the anticipated 2.8 per cent rise in gross national product.

In price-adjusted terms, government and social security spending is estimated to rise by about 1.5 per cent, compared with a real terms expansion of 0.7 per cent in overall GNP. The value of government construction work is expected to decline further in 1979, though possibly at a lower rate than last year.

William Dullforce reports on general election prospects in Sweden

A campaign in search of issues

IN SWEDEN'S general election on September 16, the country's voters will decide whether a Socialist or an anti-socialist government is to carry them into the 1980s. The race promises to be more closely run than even the 1976 contest, when the Centre party, Liberals and Moderates (Conservatives) ousted the Social Democrats from office for the first time in 44 years.

	Votes in 1976 election %	Seats in Parliament	Latest poll rating (June) %
Moderates	15.6	55	18
Centre Party	24.1	86	16
Liberals	11.1	39	15.5
Social Democrats	42.7	152	43
Communists	4.8	17	5

Yet the campaign has so far been curiously lacklustre. Party strategists are still groping for vote-catching issues and the opening gambits of the political leaders have been unusually tentative.

The highlights have included the Social Democrats' championing of the cause of bilberry pickers against pesticide spraying in the forests and the Moderate party chairman's dust-up with local bureaucracy over the outdoor lavatory at his summer cottage.

Thwarted of any real controversies into which to get their teeth, the news media have been worrying an old bone, speculating whether the Social Democrats will get rid of Mr. Olof Palme, their leader and former Prime Minister, if they fail to win back power.

The party leaders are not generating much heat. The issues at stake are not being as sharply presented as, for instance, in the recent British election. But this impression has to be qualified in at least two aspects.

First, appearances can be deceptive in Sweden. The bland reasonableness of the Swedes and their penchant to move towards consensus rather than confrontation dupes foreigners accustomed to more passionate political strife.

The recession has produced widespread understanding among politicians and electors alike that the next decade will be more exacting economically for Sweden than any earlier post-war period. It will also call for a close re-assessment of the functioning of the welfare state.

Second, the two issues which dominated the 1976 election and probably contributed most to the Social Democrats' defeat have been excised from the present election. A national referendum on nuclear power will be held next March and the Social Democrats have postponed until their 1981 congress a decision on the proposal to form capital funds controlled by the trade unions and financed from company profits. The original plan would have opened the way for eventual majority control of company share capital by the unions.

Exclusion of these two issues should favour the Social Democrats. By agreeing to the demand for a referendum and by stating that his party could revise its pro-nuclear attitude if the report on the Harrisburg reactor accident in the U.S. warrants it, Mr. Palme has deflated an issue which was testing the allegiance of some party faithful and deflecting many floating voters.

The coalition formed by the non-Socialists after their 1976 election victory broke apart last October, when the differences between the Centre party and its Moderate and Liberal partners over the fuelling of nuclear power stations became too great a strain for the Prime Minister, the Centre party's anti-nuclear leader, Mr. Thörbjorn Fälldin.

When he announced his government's demise before the television cameras last October, Mr. Fälldin presented his sad figure, fumbling for words, his brow damp with sweat. With the other parties now accepting his demand for a nuclear referendum and with his physical strength restored after 10 months out of office, he has the chance to repair at least some of the damage to his credibility as leader of the anti-Socialist cause.

Mr. Thorbjorn Fälldin . . . repairing his damaged image.

One problem is that he now has a rival. Mr. Ola Ullsten, the young, poker-faced Liberal leader, has been Prime Minister for over 10 months in the minority Liberal cabinet. During that period the Liberals' poll rating has advanced from the 11 per cent they achieved in the 1976 election to 15-16 per cent, as the Centre party's advance over its non-Socialist partners has shrunk.

Moreover, since he took over the premiership, the combined non-Socialist poll rating has again edged ahead of the the support for the Social Democrats and Communists after falling well behind during Mr. Fälldin's tenure. Mr. Ullsten has been careful to refrain from accepting Mr. Fälldin as the natural choice to lead a new non-Socialist coalition.

Thus, the non-Socialists are not presenting as united a front as in 1976 when the slogan "It's time for a change" won them a majority.

There has also been a perceptible move towards the centre within Swedish politics, which muddies the issues. The Social Democrats have shown readiness to modify the radical proposal for trade union shareholding funds. The Centre party and Liberals have accepted in principle the need for some form of capital funds and feel for tactical reasons the necessity to distinguish themselves more sharply from the Moderates, who offer the most extreme alternative to Socialism.

While Mr. Gosta Bohman, the Moderate leader, proclaims that "Sweden has passed the point at which social problems can be solved through higher taxes," the Centre party and Liberals warn that the budget deficit prohibits any reduction in the overall tax burden. Social reforms cannot be jeopardised by conservative policies, they argue.

With nuclear power and trade union shareholding funds set aside and with the tax options confused, Swedish electors are being asked to take a "gut" decision about the Socialist and anti-Socialist alternatives without being sure what the choice entails.

The anti-Socialist potential was shown in the May and June opinion polls which gave the three non-Socialist parties together a 1 to 2 per cent lead. But it is not certain that their advance will stand up to the final drive of a well-organised labour movement.

It is difficult to judge how much electoral capital the non-Socialists have in their three-year government record. Against their split over nuclear power, they can claim to have proved that Sweden can be run by others than Social Democrats and they managed to turn the economy into recovery. But they used nationalisation to support parts of Swedish industry and they solved the employment problem largely through Socialist methods.

The key to the outcome of the election probably lies with those middle-of-the-road voters who float between the Centre party and the Social Democrats. That raises the question whether Mr. Fälldin has anything to pull out of his sleeve in the final days, as he pulled out the nuclear power issue in 1976.

It has been whispered that he intends to make a big play for environmentalist sympathies. Mr. Palme's recent statements against the use of poisons in forests and farmland—the championing of the bilberry pickers—may not after all be so peculiar. He could have trumped Mr. Fälldin's last card in an election in which the aces have been discarded.

Another Italian fugitive arrested

BY PAUL BETTS IN ROME

ONE OF two fugitive Italian neo-fascists sentenced to life imprisonment for the 1969 Milan bomb outrage, was being flown home yesterday after his arrest in Costa Rica. Sig. Franco Freda's arrest comes barely a week after that of the other neo-fascist, Sig. Giovanni Ventura, in Argentina.

This represents another major coup for the Italian security forces and a further boost for the new government of Sig. Francesco Cossiga.

It also comes at the same time as the arrest in Paris of Sig. Franco Piperno, a leader of the so-called left-wing "workers autonomy" movement. He is suspected of having links with the Red Brigades extremists who last year kidnapped and murdered Sig. Aldo Moro, the late Christian Democrat leader.

The Italian authorities are facing considerable difficulties over their extradition demands for both Sig. Ventura and Sig. Piperno.

France has no arrangement with Italy for the extradition of people facing charges of a political nature. The matter is further complicated by a controversy between the two countries over the extradition from Italy of six Frenchmen facing death sentences.

In the case of Sig. Ventura, his extradition could prove a protracted affair as the Argentine judicial authorities seemingly intend to try him first in Buenos Aires on charges of carrying false papers.

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Reksten companies 'siphoned off profits'

By Fay Gjester in Oslo

THE FIRST week of the trial of Mr. Hilmar Reksten, in Bergen has been dominated by the prosecution's detailed explanation of the case against the 81-year-old shipowner, on trial for alleged violations of Norwegian tax and currency laws.

So far, as expected, Mr. Reksten has refused to reply to the charges, though he stated when the trial began that he was innocent of them all. He intends to save his arguments for the appeal which he plans to make to a higher court. The initial round, in Bergen's municipal corut, is expected to take about six weeks.

Through the first three days of the trial, Mr. Carsten Espelid, the prosecutor, took the court on a guided tour through the labyrinth of companies which the State claims Mr. Reksten used first to channel profits abroad, thus evading tax, and then to acquire foreign assets without the required consent of the Bank of Norway.

In outline, the State claims that Reksten used three companies registered abroad—Cornwall, Intercontinental and Gannet—to siphon off profits which should have gone to the Norwegian-registered Reksten shipping companies. He then used still other companies—Cornhill, Thornhope Shipping (later renamed Palmerston), and Arran Investment—to acquire substantial shipping assets abroad without the consent of Norway's authorities. Through Palmerston, it is alleged, he bought half the shares in the Anglo-Nordic shipping company, which operates a fleet of ships bought from Zapata Naess in 1973. The other half of Anglo-Nordic is reportedly owned by P and O.

In the past, Mr. Reksten has denied having significant "ownership interest" in the foreign-registered companies which he concedes having operated through management deals. Mr. Espelid hopes to prove that Mr. Reksten was in fact their "beneficial owner."

Hambros Bank, Mr. Reksten's UK bankers, is alleged to have played a key role in many of these transactions. A letter from the bank's chairman, Sir Charles Hambro, to Mr. Reksten in January, 1974, was mentioned in court on Wednesday. Mr. Espelid said the letter stated that Hilmar Reksten controlled 50 per cent of Palmerston, and Hambros 10 per cent. Earlier, the prosecutor said that Hambros lent Palmerston most of the money needed to buy the half share in the Zapata Naess fleet (later renamed Anglo-Nordic).

Rebels kill Iran army commander

TEHRAN — Kurdish rebels killed an army division commander and 21 troops in heavy fighting near the town of Saquez in north-western Iran yesterday, the official Pars news agency reported.

It said the dead officer was commander of the 28th division which was rushed in after heavy fighting broke out between government forces and Kurdish rebels.

Pars also reported that in oil-rich Khuzestan province issued warnings that they would "react strongly" if their spiritual leader, Sheik Shobeir Khaqani, is not permitted to return to the province by Saturday.

Pars Pars also repotred that Islamic revolutionary guards have been sent to tighten security at Iran's main crude loading terminal at Kharg island in the gulf.

It said 86 guards from the gulf port of Bushire bad arrived Agencies

Ecevit despatches Minister to probe Kurdish unrest

BY METIN MUNIR IN ANKARA

MR. BULENT ECEVIT, the Turkish Prime Minister, yesterday sent his Interior Minister to eastern Turkey to investigate reports of unrest among the Kurdish minority there. It is claimed that the Kurds are intent on winning independence from Ankara.

Mr. Hasan Fehmi Gunes, the Interior Minister, left as Turkish political leaders are expressing concern at the presence of secessionist movements. He will be in the east for ten days.

Reports of trouble in the east coincide with clashes between Government forces and Kurds in neighbouring western Iran and mounting tension in Iraq. The breakdown of authority over the Iranian frontier has given a boost to Kurdish rebels.

Mr. Suleyman Demirel, the former Prime Minister, and right-wing opposition leader, claims that there are Kurdish underground forces in eastern Turkey "whose aim clearly is to break up the territory of the republic of Turkey and create a Communist state in the east."

In a letter to Mr. Fahri Koruturk, the President, Mr. Demirel claimed that "incidents which disrupt the unity of the nation occur daily" and "in many parts of the country 'liberated zones' have been created." He said that Mr. Ecevit would not suppress the Kurds because he needed the support of Kurdish deputies to maintain a narrow parliamentary majority.

Mr. Demirel claimed that terrorist groups were extorting money and meeting out justice at "people's courts."

Mr. Serapettin Elci, the Minister of Public Works who is a Kurd himself, is in the eastern town of Kiziltoprak where a policeman was recently murdered. He was reported by the Turkish Press as saying that hundreds of people, including women and children were jailed and tortured in Kiziltoprak after this incident. Mr. Elci reportedly threatened to resign from the Cabinet if Mr. Ecevit did not take any action.

There appears to be no threat of a serious uprising at this time among the Turkish Kurds, who account for some 5m to 8m of the 43m population.

There are between 10 and 15 underground Kurdish secessionist factions in eastern Turkey. They are all Marxist in ideology.

The Government put most of the Kurdish provinces under martial law, a recognition of the threat of unrest there. Of the 19 provinces under martial law, now in its eighth month, 16 are predominantly Kurdish.

Glimmer of hope on Namibia

BY QUENTIN PEEL IN JOHANNESBURG

TWELVE DAYS of talks aimed at reviving the Western initiative for an international settlement in Namibia (South West Africa) ended in Pretoria yesterday with a glimmer of hope for a solution.

The talks, between Mr. Pik Botha, the South African Foreign Miniser, diplomatic and military officials, and Sir James Murray, the British envoy representing the five Western members of the UN Security Council, have been punctuated by South African warnings that a settlement in South Africa's diamond and uranium rich dependency was remote.

However, Sir James left last night to report back to his colleagues in New York, declaring that he was hopeful that progress would be made. "We are still in the game," one Western diplomat said.

The exhaustive round of negotiations has centred on South African objections to two key elements of the UN plan for a ceasefire in the territory and UN-supervised elections.

Pretoria has refused to agree that guerrillas belonging to the South West Africa People's Organisation (SWAPO) should be allowed to set up monitored bases inside the territory during the election process, and has demanded that UN military personnel monitor SWAPO's existing external bases in Angola and Zambia.

The key proposal in the latest talks has been for a demilitarised zone, policed by the UN, to be established on both sides of the Namibian border, making monitoring of the external bases unnecessary.

Western diplomats say that the duration of the talks should indicate that the proposal was not rejected out of hand. If the compromise is successful SWAPO will still be required to abandon its demand for bases inside the territory, which Pretoria has adamantly refused to accept.

Rhoodie to appear in court today

DR. ESCHEL RHOODIE, the former South African propaganda chief accused of embezzling government funds, is expected to appear in court today. He returned to South Africa yesterday under police escort from France, writes Quentin Peel from Johannesburg.

If his trial is held in public, Dr. Rhoodie is expected to attempt to implicate a string of leading politicians, including Mr. P. W. Botha, the Prime Minister, Mr. John Vorster, the former Prime Minister, and Dr. Connie Mulder, the former Minister of Information, have already been forced to resign

Algerian envoy

Algeria has named an ambassador to Berne, ending a five-year diplomatic freeze, Brig. Khindaria writes from Geneva.

Relations between Switzer- and Algeria has been strained for almost two decades because of a complicated wrange concerning ownership of SwFrs 40m (£10.8m) deposited in Switzerland

PLO in Kenya

The Palestine Liberation Organisation is to open an office in Nairobi after recent negotiations between the organisation and the Kenya Government, reports John Worrall from Nairobi.

Janata presses on impeachment

BY K. K. SHARMA IN NEW DELHI

THE JANATA PARTY is seeking a special session of the Rajya Sabha, the upper House of Parliament, to move an impeachment motion against Mr. Sanjiva Reddy, the Indian President.

The Janata Party feels it was deprived of the right to form a government when the President dissolved the Lok Sabha (lower House of Parliament) and asked Mr. Charan Singh to head the caretaker cabinet until elections are held in December.

Under the constitution the motion needs a two-thirds majority to pass.

It seems unlikely that the impeachment move will succeed since the Janata Party is a minority in the Rajya Sabha and all other parties have supported the President's decision to order fresh elections. Mr. Reddy says he acted in accordance with the provisions of the constitution which make the advice of the cabinet binding on him.

According to Mr. Jagjivan Ram, leader of the Janata Parliamentary Party and of the Opposition in the dissolved House, the President was part of a "conspiracy" to prevent him from becoming Prime Minister.

Reuter reports from New Delhi: Mrs. Indira Gandhi, the former Indian Prime Minister, yesterday faced a third court case for alleged offences during her period of emergency rule.

In a new case filed by the Central Bureau of Investigations, Mrs. Gandhi and two others were charged with illegally arresting two people during emergency rule.

NEW OPPOSITION LEADER DEMANDS CONSTITUTIONAL CHANGES

S. Korea holds tight rein on dissent

BY RONALD RICHARDSON IN SEOUL

IN THE early hours of August 11, hundreds of police in full riot gear stormed the headquarters of South Korea's Opposition New Democratic Party to break up a protest meeting by 178 women textile workers. The women were protesting about the closure of their factory.

When police cleared the building after 30 minutes of scuffling, one young woman lay dying on the pavement after apparently throwing herself from a third storey window. Another 30 people, including two opposition National Assemblymen, were on their way to hospital.

Also injured, perhaps fatally, were relations between the National Democratic Party and the governing Democratic Republican Party headed by President Park Chung-Hee.

The police action in entering the opposition head quarters to break up what was termed an illegal meeting which had been going on for two days, confirmed that the Government was not prepared to tolerate "street politics" which challenged its authority.

It came as the culmination of a series of confrontations between the Government and the New Democratic Party since the aggressive Kim Young-Sam unexpectedly and narrowly regained the leadership of the party at its national convention on May 30.

Mr. Kim has used every opportunity to do what the opposition party had been unable or unwilling to do for several years —question the legitimacy of the Democratic Republican Party's control of Government and call for the "restoration of democracy" in South Korea by revision of the country's fundamental law, the Yushin Constitution.

Mr. Kim's quarrel with the Yushin law, which was introduced in 1972 after its approval in a national referendum, is that it provides for the nomination by the President of one-third of the 231 members of the National Assembly.

The remainder of the Parliament represents double-member constituencies which ensures a fairly close balance between political camps in Korea's basically two-party system.

National Democratic Party frustration with this apparent exclusion from power—and simultaneously, support for Mr. Kim's confrontational style of politics—began to swell last December when the Opposition gained 1 per cent more of the vote than the Democratic Republican Party at national elections for the Assembly. The President is elected separately.

Grassroots backing, plus public endorsement of dissident leader Kim Dae-Jung, was just enough to enable Mr. Kim and his faction to carry the day at the party convention in May.

The night before the rally, Kim Dae-Jung, a long-time adversary of President Park, managed to slip from virtual house arrest to a party dinner to support openly the cause of his former rival Kim Young-Sam.

Kim Young-Sam, now 51, has been a controversial politician

President Park (centre) is facing a growing challenge from opposition leader Kim Young-Sam (left) and former presidential candidate Kim Dae-Jung (right).

for the past 10 years. He became the youngest ever member of the Korean National assembly at 25, and, in 1974, the youngest leader of the National Democratic Party.

During the 1960s, Kim Dae-Jung was Kim Young-Sam's party rival and in 1971 defeated him to gain the National Democratic Party's nomination as candidate for the Korean Presidency. He ran against President Park, who had come to power in 1961 at the head of a bloodless military coup.

Kim Dae-Jung was beaten by a margin of 947,000 votes out of a total poll of 12.4m. This was the last time the presidency was decided by direct ballot. In 1972 Park had drawn up the Yushin Constitution which provided for the head of state to be elected by an electoral college of 2,578 members.

The rationale behind the Yushin Constitution is that liberal democracy is inappropriate for South Korea with its authoritarian and hierarchical Confucian social tradition, plus the threat of attack by Communist North Korea should it ever sense a lack of resolve in the South.

With the new constitution adopted, Kim Dae-Jung went into voluntary exile in Japan, from which he was returned forcibly to Seoul in August, 1973. The recent accidental release of classified U.S. State Department cables to a Japanese new agency revealed that Kim Dae-Jung was kidnapped from his Tokyo hotel by a Korean Central Intelligence Agency agent "acting without authority." The South Korean authorities have never acknowledged any part in the kidnapping.

He was charged and tried for alleged violations of election laws in 1967 and during his unsuccessful presidential bid in 1971. He was found guilty and sentenced in December, 1975, to one year's imprisonment, but remained free pending the hearing of an appeal.

Three months later he was rearrested for his part in issuing the Manifesto for Democracy which was held to violate Presidential Emergency Decree No. 9, proclaimed in May, 1975, which outlawed any criticism of the Constitution.

He remained in detention until last December, during which time his image as rallying point for the South Korean dissident movement has strengthened considerably. Although still technically deprived of his political rights by court order, Kim Dae-Jung is seen to be an influential force behind Kim Young-Sam and the National Democratic Party leadership.

His support for Kim Young-Sam has brought an alliance between the parliamentary opposition and the extra-parliamentary dissident movement,

The most notable example of this alliance to date was the protest by the sacked textile workers. In the aftermath of the police action to break up the meeting the National Democratic Party has cut off all contacts with the government party.

This exacerbated a rift which opened several weeks earlier when the opposition boycotted sittings of Parliament after the majority parties refused to accept a resolution calling for formation of a committee to examine working of the Constitution.

Until then, the Government had seemed prepared to tolerate far stronger parliamentary criticism of the existing political system than it has in the past.

In a policy speech at the opening of the Assembly sitting, the first since he became Opposition leader, Mr. Kim called for "a restoration of democracy," urged the Government to "prepare for a peaceful transfer of power at the earliest date."

The Government allowed Mr. Kim his say, then answered his points in subsequent speeches. However, when the National Democratic Party newspaper published a copy of the speech several days later, the issues were initially confiscated, then the edifor was arrested for having breached the emergency decree. Mr. Kim himself was immune from prosecution as statements within Parliament are exempt from the decree.

The point seemed clear. The Government was prepared to allow a certain amount of leeway in activities in the National Assembly to show that the parliamentary system is functioning in Korea. However, there would be no relaxation of past strict controls which prevented dissident activity on the street.

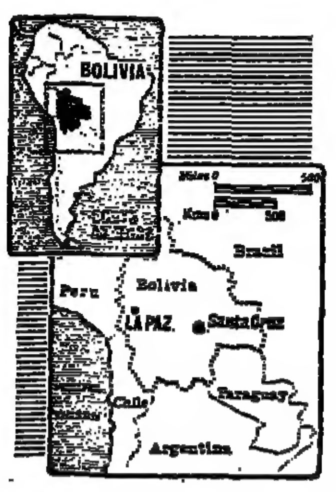
The police entry into the National Democratic Party headquarters underscored this message. It also showed the determination of the Park regime to maintain the political and social stability which it sees as the foundation on which the past 17 years of exceptional economic progress have been based.

Moderation the new keynote in Bolivia

By A Special Correspondent, recently in La Paz

A GOVERNMENT of moderation and equilibrium in a country of extremes is the goal of Dr. Walter Guevara Arze, the new Bolivian President. Dr. Guevara Arze is the first civilian President in 15 years in Bolivia, except for Sr. Luis Adolfo Siles Salinas's four-month period of office in 1964.

Dr. Guevara Arze, a former Foreign Minister, heads the interim Government designated by Congress to rule until August 1980, following the deadlock between presidential candidates, Sr. Hernan Siles Suazo and Sr. Victor Paz Estenssoro after the election earlier this month. After a series of congressional votes failed to produce a decisive majority for either man, Dr. Guevara Arze was chosen as a compromise candidate to govern until new presidential elections next May.



Dr. Guevara Arze, founder of the popular-based Movimiento Nacionalista Revolucionaria (MNR) party, said in an interview that his interim administration will be centre-left in orientation, reflecting the social problems now confronting Bolivia.

With a large mass of impoverished peasants, the social contrasts in Bolivia's 5m population bear a resemblance to its physical profile: towering mountains and tropical valleys. The country faces classic underdevelopment problems of excessive concentration of economic power, poor income distribution, serious education gaps, with 48 per cent illiteracy, and a precarious public health system.

Nor is the economic outlook any better following the collapse of the illusion of oil wealth fostered by the former regime of General Hugo Banzer. Dr. Guevara takes over a foreign debt of $3.1bn and only $201m in international reserves. Colonel Gary Prado, the outgoing Planning Minister, predicts only modest economic growth, which will not cover the nation's needs.

The five-year economic plan drawn up by previous military administrations had set 7.7 per cent as this year's goal for gross domestic product growth, but, in the first half of 1979, GDP rose by less than 2 per cent, and Col. Prado says that it will reach only half of the 7.7 per cent goal for the year.

In the past 15 years, Bolivia has seen a wide variety of military regimes and Presidents, ranging from Right-wing Gen. Banzer to Left-wing Gen. Juan Jose Torres, and from populist Gen. Rene Barrientos to Nationalist Gen. Alfredo Ovando.

None has been successful in keeping the Bolivian economy afloat, although the seven-year Banzer regime, from 1971 to July 1978—the longest in Bolivia this century —brought unparalleled political stability to the country.

Some economic progress was made under Gen. Banzer, but at a high cost in foreign debt and based on the assumption that Bolivia had greater oil potential. The nation may now have to add the cost of oil imports to foreign debt service payments, which are already consuming most of its export income.

More than half of the country's export earnings come from Bolivia's tin industry, the world's second largest. In 1978 exports of tin and tin ores brought in $373m.

But the industry is bracing for an expected decline in world prices as a result of plans by the U.S. to sell part of its tin stockpile. In a final effort to forestall this move, Dr. Guevara Arze is expected to make a personal appeal to President Jimmy Carter before the end of the year.

Sr. Guido Hinojosa, the new Finance Minister, said that measures were being considered to "reorient" the economy.

Many Bolivians consider that the country is not ready for another election in a year's time—certainly not just to satisfy the political appetites of a few.

The military holds the same view, at least among those who backed the outgoing regime of Gen. David Padilla. The feeling that the interim government needs more time to resolve economic problems may assure Dr. Guevara Arze of a mandate beyond August 1980.

Split between blacks and Jews on Mideast widens

BY DAVID BUCHAN IN WASHINGTON

THE SPLIT between American blacks and Jews over the future course of U.S. Middle East policy — precipitated by the resignation of Mr. Andrew Young from President Carter's Administration—has widened.

Some 200 representatives of mainstream black lobby groups and civil rights organisations have now endorsed contacts with the Palestine Liberation Organisation.

Meeting in New York this week, under the auspices of the National Association for the Advancement of Coloured People, black leaders supported the recent meeting by the Southern Christian Leadership Conference with Mr. Zehdi Terji, PLO representative at the UN.

Other groups said they would soon meet Mr. Terzi, who is enjoying an unexpected burst of publicity.

The Rev. Joseph Lowery, SCLC president, after meeting Mr. Terzi on Monday called for the recognition of the Palestinian right to a homeland. He did not, however, repeat the call when he later met the Israeli Ambassador to the UN, who suggested that SCLC leaders were not "experts" in Middle East issues, and should therefore stay out of it.

The Israeli warning brought a sharp reaction from the black leaders, who issued a statement which said in part: "The involvement of blacks and their concern in foreign policy questions is repeatedly questioned. Black American citizens deplore the arrogance implicit in this attitude.

The black leaders also criticised Jewish American groups for failing to put pressure on Israel to cut its trade and economic ties with South Africa and Zimbabwe-Rhodesia.

The implications for Mr. Carter of a Jewish Black split are serious. Neither community is happy, though for opposite reasons, with his Middle East policy, and the President will need the votes of both groups to get re-elected or indeed, renominated next year.

The Black-Jewish votes have been a traditionally large part of Democratic Party support. In their statements issued this week, leaders of the national black organisations noted American Jews had provided support for black causes in the past, in particular in the early days of the civil rights movement in the 1960s.

But they also claimed this support had been given when it was "in their best interests to do so."

As American Jews have moved up the social ladder, they have in general lost interest in those mechanisms, such as quotas in certain professions, which blacks have used to try to reverse the effects of past discrimination.

Jewish groups, for instance, have argued in recent Supreme Court cases against setting specific quotas for racial or ethnic minorities in professions or trades.

Black leaders commented this week: "The term 'quota,' which traditionally meant the exclusion of Jews, is now being used by many Jews to warn against attempts to include blacks in aspects of our society and economy from which they were previously excluded."

Thus, the impending departure of Mr. Young for holding unauthorised talks with a PLO official, has provided many blacks with the occasion for releasing pent-up resentments against American Jews, built up over recent years.

It still remains to be seen whether once the furore over the Young affair dies down, they will maintain their new-found interest in a Palestinian solution in the Middle East.

Schlesinger urges new pipeline

BY STEWART FLEMING IN NEW YORK

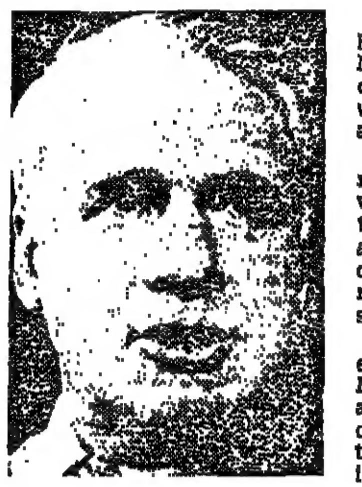
DR. JAMES SCHLESINGER, outgoing U.S. Energy Secretary has backed proposals to build a new oil pipeline from the State of Washington east across the northern U.S.

His decision to support what is known as the "Northern Tier" pipeline was immediately attacked in Canada by the Foothills Oil Pipeline Company, one of a number of concerns which have proposed an alternative route to bring oil from Alaska to the U.S. via Canada.

It has long been apparent that the U.S. needs more west to east pipelines to improve the distribution of Alaskan oil in the U.S. The need is becoming more urgent since Canada has indicated that it wants to stop exporting oil to refineries in the northern U.S.

A prime objective of the "Northern Tier" proposal would be to replace Canadian oil for refineries in the northern States.

Dr. Schlesigner's recommendation was based in part on the need for speedy action. But he did not rule out alternative proposals if the Canadian authorities acted quickly



Dr. James Schlesinger

Mr. Cecil Andrus, U.S. Interior Secretary, is responsible f ocerromm eastE sh hm sible for recommending a choice among the various p rojects. Dr. Schlesinger's views were contained in a memorandum from the Energy Department to Mr. Andrus.

The U.S. Energy Department has proposed that three large New York power plants should convert from oil to coal, a move which could save between 8m and 14m barrels of oil a year.

The proposal will, however, require environmental approvals. These could be difficult to obtain because of concern about the effect on air quality of burning coal, which releases more sulphur into the atmosphere.

Conversion costs have been estimated by Consolidated Edison, which owns the plants, at more than $150m. Costs could be considerably higher if the utility were required to install equipment to remove sulphur from the fumes.

Energy legislation passed last year empowers the Energy Department to press for coal-firing of power plants to help reduce U.S. oil imports.

The U.S. has the world's largest coal reserves, but environmental restrictions and the costs of switching from one fuel to another are holding up the changeovers.

UAW leads oil protest

BY OUR WASHINGTON CORRESPONDENT

NEARLY 1m members of the United Auto Workers Union have written to President Carter and their Congressmen and Senators protesting at the joint failure of the U.S. Administration and the legislature to come up with a coherent energy policy.

Some 5m protest postcards, also written by other labour and consumer groups, are to be delivered by the union to the White House and Capitol Hill in the next couple of weeks. The move is part of a campaign due to culminate in a "Big Oil" protest day on October 17.

The immediate cause for the giant UAW union to flex its political muscle in this way is its concern over some 70,000 job layoffs that have occurred in the car industry as petrol shortages and price increases depress car sales. Mr. Doug Fraser, the UAW president, said the lack of a proper energy policy was "directly and absolutely responsible" for many of his members losing jobs.

Volcker backs slower money supply growth

By Our New York Correspondent

MR. PAUL VOCKER, Federal Reserve Board chairman, favours a declining rate of growth in the U.S. money supply "over a time" as a means of attacking high inflation in the economy, he said in Washington yesterday.

The basic problem with the dollar internationally had been the high rate of U.S. inflation, he added. But he saw no way of lowering interest rates "in the present environment."

The Federal Reserve, however, had no "magic answer" to the problem of inflation, he stressed.

In contrast to some of the statements of Mr. G. William Miller, his predecessor, Mr. Volcker refused to be drawn into discussing the outlook for U.S. interest rates any further.

Maintaining a stance he has taken since his appointment earlier this month, he refused to say that the economy has entered a recession, only agreeing that there has been some "sluggishness and weakness."

It was premature to decide whether a tax cut was needed to offset recessionary forces.

The Federal Reserve last week moved to push short-term interest rates higher and tighten credit in order to fight inflation.

By not conceding that a recession is under way in the U.S., Mr. Volcker is clearly determined to give no ammunition to Fed critics.

Stevens loses union fight

BY JOHN WYLES IN NEW YORK

J. P. STEVENS, the second largest U.S. textile company, has again been penalised for alleged anti-union activities and has been ordered to recognise the Amalgamated Clothing and Textile Workers' Union at some plants where workers originally voted against recognition.

The National Labour Relations Board has decided that the 540 to 404 vote by workers at a collection of Stevens plants and warehouses in Wallace, North Carolina, was invalid because the company's illegal actions poisoned the atmosphere.

The board, which is principally responsible for administering U.S. labour laws, chose instead to regard the fact that a majority of the workers had signed "authorisation cards" as more representative of their preferences. These cards are used as an initial gauge of worker interest in union membership and a majority of signatures is usually considered as good grounds for holding full-scale recognition election.

The board has once before ordered recognition of the union after a representation election had gone against it. But Stevens subsequently closed the plant at Statesboro, Georgia.

Stevens is expected to challenge the board's decision in a federal court, as well as a ruling that it should reimburse the union's organising expenses at Wallace.

Call for action on refugees

WASHINGTON — A special congressional study yesterday urged greater action by the United Nations to deal with the world's growing refugee problem.

Putting the global refugee total at nearly 13m—the highest since World War II—and forecasting a marked rise over the next few years, the report by the Congressional Research Service calls overall refugee assistance round the world "haphazard, inconsistent and badly coordinated."

Refugees, more than half of them children, "suffer from malnutrition, disease and even death in their flight to a safe haven," the report says.

Prepared at the request of Senator Edward Kennedy, the report comes a few weeks after the special UN-sponsored international conference on Indochinese refugees in Geneva.

Unless efforts to resettle refugees are expanded, they could become a permanent "destabilising" problem in non-Communist South-East Asia creating a problem like that of the Palestinians in the Middle East, it adds.

The report urges the UN to hold a world conference on refugees and also to consider changes in its international agreements in the field.

It notes that no internationally guaranteed right to asylum for individuals exists, and that the UN is prohibited from aiding refugees unless invited to do so by the first country providing asylum.

These and other limitations indicate that a new look should be taken at UN agreements on refugees, which only 78 of the 151 UN member-states have signed.

Another serious limitation was the dependence of UN agencies on voluntary contribu- stead of assessed contributions to help refugees.

The definition of refugees in present UN agreements needed further study, the report went on. The effect was that states facing an influx of refugees had wide latitude to accept or reject them.

The onuswas on the individual refugee to prove he was acceptable to the prospective country of asylum.

The growing number of refugees might be rooted in an increasing disregard by Governments for basic human rights and a wish to force their internal problems on the world community.

Reuter

Trade between East and West Germany declines

BY LESLIE COLITT IN BERLIN

TRADE BETWEEN East and West Germany, which Bonn regards as intra-German commerce, took an unusual fall of 1.5 per cent in value in the first half of this year, dropping DM 62.8m to DM 4.2bn. West German deliveries to East Germany fell 7.2 per cent to DM 2.1bn while shipments to West Germany increased by 4.8 per cent.

The overall slump was mainly due to a drop in orders from East Germany for West German plant and equipment following the major contracts signed in 1975.

In recent years, several other Western countries and Japan have concluded turnkey contracts with East Germany, such as the DM 720m deal last year for Citroen to build a front-wheel drive transmission plant in East Germany.

West Germany's Ministry of Economics said West German deliveries to East Germany were also affected by the lower rate of East German economic growth which was partly a result of severe winter weather. If the East German economy picks up in the second half of the year, it is hoped that intra-German trade will improve.

East Germany achieved a rare DM 72m surplus in its trade with West Germany in the first half-year and thus reduced its cumulative trade deficit with West Germany to DM 3.57bn.

The fall in West German deliveries to East Germany was almost wholly in mechanical and electrical engineering products which dropped by DM 312.4m or, 49.5 per cent, to DM 318.9m. Two-thirds of this was accounted for by the decline in major plant and equipment deals.

The West German Economics Ministry, however, says that several medium-sized contracts for plant and equipment, signed in 1978 and this year, are expected to lead to some improvement in West German shipments later this year.

West German chemicals, mainly anorganic, regained their leading position among shipments to East Germany after taking second place for several years. They were up 13.2 per cent to DM 399.6m.

West Germany also registered a sharp DM 102m rise in coal sales to East Germany to DM 166m as a result of the freezing over of East German coalmines in January and sudden cuts in deliveries of hard coal from Poland.

An above-average 83.4 per cent increase in deliveries of non-ferrous metal to East Germany to DM 89.5m is said to have largely resulted from price increases and not from larger volumes.

Similarly, the increase in East Germany's total deliveries to West Germany by DM 98m is accounted for by the 40.3 per cent rise in the value of oil products shipped to West Germany.

They rose to DM 398.8m and largely reflected the increased price of East German petrol and diesel oil, refined from Soviet crude and delivered to West Berlin.

Malta confirms import changes

By Godfrey Grima in Valetta

THE MALTESE Government is going ahead with its plans to take over the importation of an additional range of essential commodities, mostly foodstuffs.

Goods which will now be imported exclusively by the Ministry of Trade include rice, sugar, tinned meat, tinned fish, cheese, coffee and timber. The Ministry already handles the purchase of tinned milk, butter, meat, livestock for slaughter, wheat, barley, corn, potatoes, soya bean oil, cement and steel.

The two primary objectives given for the move are to ensure continuous supplies of essential commodities and to obtain goods at the most advantageous prices rather than to curb imports.

Committees comprising former importers, technical advisors, consumer and government representatives will now work with the Ministry's bulk buying division. Their main task will be to identify needs and try and maintain supplies and price stability. Former importers will stock and distribute the goods sharing the profits between them. The new system will eliminate wholesalers.

Poland reduces hard currency deficit by 20%

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S FOREIGN trade position improved in the first half of this year. The hard currency deficit at $360.2m (£162.3m) represents a 21 per cent drop on the hard currency deficit run up in the first half of 1978.

The planned hard currency trade deficit for this year is $600m, according to figures released to Western Banks in January. The same figures forecast an overall current account deficit of $1.4bn, while repayment and servicing of Poland's $15bn foreign debt would cost $4.1bn this year.

On its overall trade Poland achieved a surplus of Zloty 681.3m ($229.2m) in the first half of this year compared with a deficit of Zloty 693.9m in the same period last year.

The Central Statistical Office reports that Polish exports to non-Communist countries rose by 2.7 per cent in the first half of this year to Foreign Exchange Zloty 9.2bn ($3.02bn) while imports dropped by 0.5 per cent to Zloty 10.3bn ($3.38bn).

Transport bottlenecks, which were particularly severe during the hard weather in January and February, are still holding up exports of major hard currency earners such as coal and copper which were down 11 per cent and 8.3 per cent respectively on the first half of last year. Import cutbacks of machinery and equipment, in line with the general slowdown in capital investment throughout the economy, show up clearly with the value of imported plant down 22.5 per cent compared with the same period of 1978.

Oil imports at 8.0m tonnes are at the same level as in the same period of 1978. The Soviet Union's problems with deliveries of gas from Iran do not seem to have affected deliveries to Poland. Imports of Soviet natural gas are on target with a growth of 59 per cent to 1,899 cubic metres in the first six months of this year.

Delays at Poland's congested sea ports show up in the transhipment figures published for the January to May period. A total of 24.6m tonnes of goods were handled by the ports in these months

Franco-German TV tubes link

By David White in Paris

THOMSON-BRANDT and AEG-Telefunken, the French and West German electrical groups, have agreed to pool their interests in the field of colour television tubes.

Their joint activities in the sector, which are to be brought into one company by the end of this year, are expected to have a turnover of FFr 1.5bn (£157m) in 1980.

The agreement, which forms part of efforts to restructure the European electrical industry in the face of outside competition, especially from Japan, follows closely on the announcement of co-operation talks between the Dutch Philips group and West Germany's Grundig.

Thomson-Brandt's current colour tube activities are tied up in a joint venture with RCA of the U.S., called Videocolor. This company, which has one factory in France and another in Italy, produces 1.4m tubes a year. Imports from RCA, which holds 49 per cent of the capital, bring its annual sales up to about 2m.

The agreement with AEG-Telefunken will bring the latter's tube production facilities at Ulm, where up to now tubes have been made under a Philips licence, into the Videocolor set-up.

The agreement is subject to approval by both the West German and French Governments.

Technip contract

By Our Paris Correspondent

THE FRENCH plant construction group Technip has won contracts for two oil platform projects off Abu Dhabi. Investments in the two projects are together put at about FFr 450m or nearly £50m.

A subsidiary of Technip, Technip Geoproduction, is to carry out the construction of facilities for Abu Dhabi's Zakum field. These involve an accommodation platform for 180 people, an oil treatment platform with water injection equipment and an electricity generating plant.

Under the contract, signed with Abu Dhabi Marine Operating Company, it will also be responsible for building accommodation facilities for 120 people working at the Umm Shaif oil field.

TOKYO ENERGY POLICY

Japan increases oil imports

BY CHARLES SMITH IN TOKYO

JAPAN'S OIL supply situation has improved markedly in the past six to eight weeks, but possibly not quite to the extent being implied by the Ministry of International Trade and Industry.

MITI announced that imports of crude oil in July had reached 24,198m kilolitres.

The rise, reflecting a 40 per cent increase in Indonesian shipments and some increase in supplies from Saudi Arabia, brings Japan's oil imports for the first four months of the current fiscal year (starting last April) to 89.67m kilolitres, or 9.1 per cent more than a year ago.

MITI's import plan provided for a 9.8 per cent increase in imports, so that actual performance is not running far behind schedule.

MITI goes on to point out that imports in August and September will have to do no more than equal last year's levels in order to fulfil the plan for the whole six-month period. This sets imports at 132.24m kilolitres compared with last year's April-September imports of 125.6m kilolitres.

The reason why fulfilment of the MITI import plan does not necessarily put Japan out of trouble is that the plan does no more than aim to supply estimated consumption needs, minus the 5 per cent of energy saving to which Japan committed itself at an International Energy Agency meeting earlier this year.

Hitting the import targets fro the six months up to September 30 will not enable the Government to carry out an earlier plan for building up stocks before the winter. MITI originally planned imports of 137.85m kilolitres for the six-month period — a level which would have enabled the Government to carry out its stock building programme.

Japan now has an estimated 83 to 84 days of oil stocks compared with 82 days at the end of March. Stocks could well fall after October when world demand for oil rises sharply from the August trough. MITI is declining to make any statement about how it sees the oil supply situation from October onwards.

Japanese Government statements on oil have been deliberately low key ever since anxieties about supplies developed in March.

China to clarify investment law

BY JOHN HOFFMANN IN PEKING

CHINA IS about to clarify the provisions of an investment law on joint ventures by Chinese and foreign companies, formulated in June as part of the nation's revised economic development plan.

The legislation, intended to stimulate foreign investment in Chinese industry, as so far failed to attract overseas partners. Foreign concerns have been cautious because of ambiguities and loopholes in the legislation.

Mr. Gu Mu, a Chinese Vice-Premier, announced in Peking that supplementary regulations on joint ventures would be issued soon.

He was speaking with a visiting party of Japanese industrialists. The joint venture law is a significant departure from China's traditional resistance to foreign ownership of enterprises in China.

It is seen as a frank acknowledgement that foreign capital and technology is essential to China's development programme.

The result was simply the outline of a law, needing amplification with precise details covering management, profit-sharing and protection of foreign investment.

● Vice-Premier Li Xiannian said, according to news agencies, that China did not intend to establish free trade zones in the country.

The visiting Japanese included Mr. Jasaji Hino, vice-president of the Matsushita Electric Industrial Company of Japan.

Matsushita is trying to persuade other Japanese companies to form a consortium and establish a joint venture with China to help modernise its electronics industry.

Mondale in talks with Peking

BY DAVID BUCHAN IN WASHINGTON

MR. WALTER MONDALE, U.S. Vice-President, is due to leave for Peking today for a week of talks with Chinese leaders that will span not only pressing political problems, such as refugees from Vietnam, but also unresolved economic and trade issues between Washington and Peking.

Mr. Mondale's visit will be the first high-level occasion for the U.S. Administration to explain why it has not yet sent to Congress the U.S.-China framework trade agreement, signed in Peking nearly two months ago, for approval.

This provides for the opening of trade offices in both countries, trade promotion, broad rules on marketing and, most important for Peking, "most favoured nation or preferential tariff" status for Chinese goods entering the U.S.

The Administration has said the pressure of Congressional business on issues such as the Salt Arms Treaty and the energy policy has delayed the sending of the agreement to Capitol Hill.

Mr. Mondale is expected to raise the thorny issue of a new textile agreement with Peking, which earlier resisted U.S. demands for restraint, leading to America unilaterally imposing quotas on Chinese textiles last May.

AP-DJ adds from Washington: The U.S. Commerce Department reported a 20 per cent drop in textile and apparel imports in the first half of 1979.

But the value of imports of textiles and apparel from Hong Kong, Japan, Taiwan, South Korea and other countries showed a 10 per cent increase in the January-June months of this year, and totalled about $3.28bn (£1.5m) in the period.

U.S. attack on Indian investment policies

By K. K. Sharma in New Delhi

INVESTORS IN the United States consider the climate for investment in India to be basically unfavourable, according to Mr. G. V. L. Narasimhan, of the U.S. Department of Commerce.

Mr. Narasimhan said that the attitude of U.S. investors was partly due to the policies of the Indian Government, which hindered foreign investment. India preferred outright purchase of technology to direct foreign investment.

He added that although the U.S. Government was ready to facilitate the flow of investment, the American business community would remain largely unresponsive unless India took steps to liberalise its foreign investment policies and to improve its image among foreign investors.

America was second only to Britain in investment in India and accounted for roughly 25 per cent of the direct foreign investment, with a net book value of $328m (£147.7m) at the end of 1977. This was less than 5 per cent of the total for Asia, excluding Japan.

Equity and inter-company account capital flows from American parent companies to their affiliates in India actually reversed during 1978 as American investors withdrew capital from India, he said.

More orders for Boeing

SEATTLE—BOEING has won orders from four customers for a total of nine airliners, consisting of six 727 jets and three 737 jets. Boeing did not disclose the value of the orders. However, industry officials place the cost at $125m.

Boeing said Air Canada purchased six 727s, two for delivery in January, 1981, and one each in February, March, April and May. The aircraft will use Pratt and Whitney JT8D-15 engines.

Boeing said Southwest Air Lines ordered another 737 for delivery in December, 1980. The aircraft will be powered by Pratt and Whitney JT8D-17 engines.

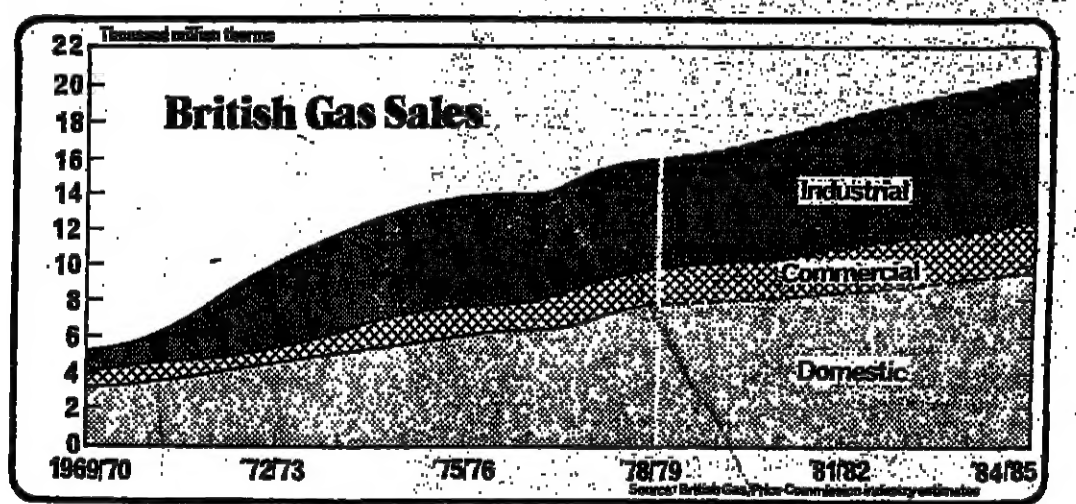
● Gulf Air is to buy two Lockheed TriStar Series 200 jets, the Gulf News Agency said from Doha, Qatar, with delivery in February and March, 1981.

Agencies

ENERGY REVIEW: BRITISH GAS

BY RAY DAFTER, ENERGY EDITOR

The thorny problem of matching supply with a fluctuating demand



FOR ALL its success as a profit maker, the British Gas Corporation is a State undertaking under both public scrutiny and selective attack.

The Energy Department is looking at ways of altering the Corporation's pricing structure, perhaps to bring domestic gas tariffs more in line with those for other energy forms. The Gas Consumers' Councils have criticised the Corporation's own plans for raising prices in the face of big profits. And this week the Chemical Industries Association (CIA) launched its own attack on British Gas's pricing policies and its order of priorities for supplies. In essence, the CIA has called for lower prices—more akin to those charged by the European gas companies to their own chemical industry—and a fairer share of any additional supplies.

But underlying all this is a more fundamental problem confronting the gas industry, one that impinges directly on future supplies and prices. The Corporation is now working out ways of matching its future sales to a pattern of offshore gas supplies that is not only changing significantly but is also still somewhat uncertain.

Not that there seems much doubt within the Corporation that there will be enough natural gas to last into the next century. The Department of Energy estimates that some 52.2 trillion cubic feet of recoverable gas reserves remain in present discoveries; this figure covers the reserves in the southern sector of the North Sea, the gas in UK fields in the northern sector (including those fields which contain in the main crude oil) and the Gas Corporation's own natural gas discovery in the Irish Sea, the Morecambe Field.

The Energy Department estimates that ultimately as much as 80 trillion cubic feet could be recovered. Gas Corporation officials are reasonably confident that at least 70 trillion cubic feet will be extracted from reservoirs on the UK continental shelf.

Assuming British Gas is right, it seems that there are sufficient reserves to meet UK demand for well over 30 years. In the past year the Corporation sold gas at an average rate of around 4.5bn cubic feet a day (16bn therms a year). Over the next few years sales are expected to build up to around 6bn cfd when they will flatten out.

British Gas could have access to greater reserves if the operators of some of the Norwegian fields agree to sell it some of their gas. The Norwegian Oil and Energy Ministry estimates Norway's proven gas reserves to be 14.1 trillion cubic feet, of which over 80 per cent is already being exploited. Gas from the Norwegian sector of the Frigg Field is already being bought by British Gas while gas from Ekofisk is being piped to Emden in West Germany. But that still leaves a good deal of gas to be exploited, both in proven fields and in reservoirs yet to be fully identified.

One idea is that such Norwegian gas could be landed in the UK for re-export, via a cross-Channel pipeline, to France. Britain might well be able to negotiate a deal whereby at least a portion of this gas is made available to the Gas Corporation. British Gas then would be able to postpone its offtake from some of the UK reservoirs and eke out supplies over a longer time frame.

The UK gas industry, however, would be faced with the fundamental problem of sychronising its offtake with the variable demands of its customers. As is common in the energy business, the Gas Corporation must contend with a seasonal business; sales rise appreciably in the colder months. There can also be considerable hourly variations in demand.

The experience of British Gas in recent months indicates the dramatic swing: its output has hit a summertime low of around 2bn cfd as against a wintertime high of over 8bn cfd. It is reckoned that the average level of supplies to domestic customers runs at about 35 per cent of the peak load requirements whereas industrial operations run at an average 50 per cent load factor.

And there is the rub. It is often not possible to regulate the pace of offshore supplies to match exactly such changing demand patterns either for reasons of reservoir mechanics or because of plain economic considerations. What is more, it appears that the fresh supplies of gas from the northern sector of the North Sea offer less opportunity for flexibility than those from the south.

So far the Corporation has contracted to buy gas from operators of the six southern fields—Leman Bank, Indefatigable, Viking, West Sole, Hewett and Rough—at a rate that will sustain an average load factor equivalent to about 60 per cent of the peak output. For instance, according to the Price Commission, during the year beginning September 30 these fields could yield an average of 3.48bn cubic feet a day as against a peak of 5.78bn cubic feet a day. Furthermore, the operators have agreed a new "take or pay" deal whereby British Gas can take less than the specified annual quantity. The unused portion of the gas is still paid for, however, although the Corporation is entitled to take the reserves in later years.

The picture changes when one moves into the more hostile, deep water conditions of the northern sector of the North Sea. Here operators are faced with a different scale of capital costs and running expenses; consequently they look for a better rate of return and a higher load factor. (The operators of southern fields would also like a better return and a higher price for their gas, but that has been the subject of past Energy Reviews.)

The Frigg Field, which straddles the UK/Norwegian median line, is now supplying over a quarter of Britain's natural gas needs and is operating at a high load factor believed to be between 70 and 80 per cent of the peak annual output. This reflects not only the high capital cost (around $3.3bn) and operating expenses (an estimated $195m a year) but also the fact that almost two-thirds of the field's reserves lie beneath Norwegian waters: consequently British Gas had to compete with potential buyers in other parts of Europe.

The average load factor in fields which yield gas in association with crude oil will probably be even higher. The gas has to be produced at the same rate as the oil. This gives rise to a sad energy fact of life: last year oil operators flared gas into the atmosphere — and thus wasted—an average of 440m cu ft a day. At the moment, with considerable flaring from the Brent Field, the wasted output is nearer 600m to 700m cfd—some 14 per cent of Britain's needs.

Without gas pipelines to shore, operators and the Government are faced with three alternatives: injecting the gas back into the reservoir for future use (not always possible); flaring the gas into the atmosphere; or stopping the production of both oil and gas.

In view of the overall energy picture, companies have been encouraged to build up oil production as their first priority, although considerable steps have been taken on reinjection. As Britain reaches the magic point of energy self-sufficiency (and it is almost there) the Government is likely to take a tougher stance over gas flaring. Hence, it is almost certain that oil fields with large amounts of associated gas will have to be linked to some form of gas gathering system. Mobil and British Gas Corporation are currently studying one such pipeline system for the northern part of the North Sea. This seems likely to go ahead in the 1980s—providing the Gas Corporation with another important, if somewhat inflexible source of supplies.

In order to compensate for this apparent lessening in supply flexibility the Corporation is taking a number of significant steps.

● British Gas's wholly-owned Morecambe Field may well be developed in such a way that its gas supplies could be turned up and down in tune with seasonal demand. Morecambe, containing estimated recoverable reserves of 2-3 trillion cubic feet, is to be developed at a cost of around £450m. It could well be brought on stream in its peculiar peak load role in 1983/84.

But it is unlikely that there are many Morecambe Fields around. It is close to shore, which reduces development costs. British Gas Corporation has no partners so there will be no-one objecting to having revenue reduced or cut off during the summer months. And it appears that Morecambe is a reservoir which can be exploited on a cyclical basis.

● Talks have already started with operators of the partially-depleted Hewett and Rough Fields with a view to using these reservoirs as natural storage vessels. The idea is that during the summer months gas would be pumped into these two southern fields for recovery during periods of high demand.

● British Gas Corporation's other storage facilities will be expanded. There are currently four liquefied natural gas storage centres—near Glasgow, near Manchester, the East Midlands and in the North Thames area. Other LNG facilities are planned for South Wales, Bristol and Canvey Island. In addition an underground salt cavity storage facility is being developed at Hornsea in Yorkshire. The capacity of this salt cavity is expected to be about 2bn cubic feet of gas.

The urgent need for increased storage was identified by the Price Commission which, as the accompanying table shows, pointed out that by 1983/84 as much as 23.3m therms a day (2.3bn cubic feet a day) of storage might be needed; three times the current need.

The Gas Corporation has said that it wants to build up its sales and maintain flexibility without increasing the scale of interruptible contracts with its customers, the safety valve used to curtail some industrial supplies during periods of heavy demand.

It all amounts to a complex package of measures not readily perceived by gas consumers. The penalty of failure would be all too apparent: shortages of supplies during cold winter months. And that would result in even more bricks being tossed at British Gas.

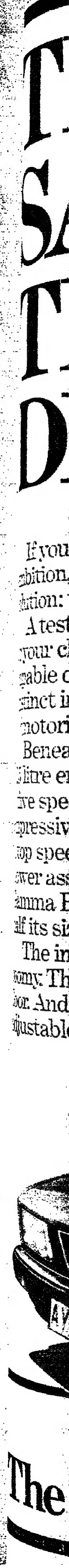
BRITISH GAS CORPORATION'S LOAD FACTOR BALANCING EXPECTATIONS, 1979-80 AND 1983-84

(m therms)

	Gas supply year ending 1979-80 Average daily demand	1979-80 Peak daily demand	1983-84 Average daily demand	1983-84 Peak daily demand
DEMAND FOR GAS				
Firm supply commitments	39.4	88.7	47.6	109.4
Interruptible supply contracts	9.0	—	9.6	—
Total	48.4	88.7	57.2	109.4
SUPPLY OF GAS				
Southern basin	34.8	57.8	31.8	52.9
Northern basin	17.7	22.7	26.2	33.2
Total	52.5	80.5	58.0	86.1
LESS: "Take or pay" provisions in gas purchasing contracts	4.1		0.8	
STORAGE NEEDED	nil	8.2*	nil	23.3

* BGC's present gas storage capacity is in excess of 8.2m therms a day.

Source: Price Commission



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LANCIA

BNOC's North Sea assets worth £1bn

BY RAY DAFTER, ENERGY EDITOR

SALE OF some of British National Oil Corporation's assets, expected within the next two months, will still leave the State oil undertaking in a strong position in the North Sea. This is implied in a new industry evaluation of BNOC's worth.

A study, undertaken by stockbrokers Wood, Mackenzie, values the corporation's interests in 13 North Sea oil fields at nearly £1.4bn. The brokers yesterday stressed that the valuation should be viewed as conservative as their calculations assumed crude oil prices remaining constant in real terms after 1980. It is understood that the valuation is also regarded as being too low within BNOC itself.

Nevertheless, the study indicates that even after the disposal of interests, ordered by the Government, BNOC could remain with an asset base of over £1bn. The corporation has been asked to prepare a list of North Sea holdings that it could sell to raise up to £400m.

The board of BNOC, under its chairman Lord Kearton, is due to finalise its recommendations at a meeting in Glasgow on Friday next week. It is understood that the corporation will resist the sale of its oil properties—particularly its more attractive ones like its Ninian and Thistle field interests—but may state its willingness to dispose of its share in the Viking gas field.

Low sulphur

Wood, Mackenzie values the corporation's 22.2 per cent stake in the Ninian Field at £516m; its 19.9 per cent interest in Thistle at £194m; and its 33.3 per cent holding in the British portion of the Murchison Field at £146m.

The other main interests are valued thus: Beatrice Field—£44m; [illegible] Field—£103m; the UK portion of the Statfjord Field—£125m; and the Viking gas field in the southern sector of the North Sea—£80m. The corporation's stake in other finds like the Brae and Hutton fields which are likely to prove commercial ventures is put as about £143m.

In addition, it is noted that the amount of oil available to BNOC through its state participation agreements with other North Sea producers is increasing rapidly. It is estimated that these should exceed 1m barrels a day by the early 1980s against an average of under 100,000 b/d in 1978.

This means that the amount of oil available to BNOC through its equity interests and participation rights in the early 1980s should represent about 10 per cent of the total eastern hemisphere production of low sulphur crude oil.

"At a time of world shortage, the control of such large quantities of crude could be a significant factor," the report states.

Mr. David Howell, the Energy Secretary, has already said that BNOC's access to such large volumes of North Sea crude is vital in the national interest.

Talisman a month ahead of schedule

BY CHRISTINE MOIR

THE CHANGEOVER from manual transactions on the London Stock Exchange to Talisman, the new computerised settlement system, continues to go faster than expected.

By next Tuesday, 90 per cent of all bargains will be handled by Talisman, a full month ahead of schedule in spite of the system's late start in April.

The new level covers 4,188 securities in 1,815 companies, which are handled by 102 registrars. By the end of the year, the Stock Exchange expects to have brought into the system most of the business handled by the country's 750 registrars.

It also hopes by then to have the Irish-registered securities on Talisman. Agreement has been reached with the Irish Revenue over documentation, but it will take until December for the computer to be adjusted to take into account the fact that the punt is now a foreign currency.

It will take longer to incorporate South African and other stocks registered on overseas exchanges as well as London. The Stock Exchange is still discussing with the Inland Revenue how stamp duty is to be apportioned for such stocks. The outcome might require legislation.

Meanwhile, Talisman is also running within budget. The new longer tariff which came into force on August 13 is likely to apply for the rest of the financial year. Until Talisman has been running at the 90 per cent level for some time, costs can only be transitional, explains Mr. John Watson, Talisman's director.

Hugh Routledge

THE RAF's anti-submarine capability was given a major boost yesterday when British Aerospace handed over the first Mark 2 Nimrod long-range maritime reconnaissance aircraft.

After a short ceremony in which Mr. Geoffrey Carr (centre), managing director of British Aerospace Manchester Division, handed the aircraft over to Air Chief Marshall Sir David Evans (right), C in C Strike Command, Squadron Leader Peter Atkinson (left), flew the Nimrod to Kinloss in Scotland.

Fitted with a new radar, the aircraft is well equipped for submarine detection in the North Atlantic. It can meet anticipated advances in Soviet anti-ship warfare techniques to the end of this century.

The Nimrod is the maritime warfare version of the original Comet jet airliner. The five RAF Nimrod squadrons in the UK will have their 32 aircraft progressively updated to the Mark 2 level up to 1984.

The Nimrod's role also includes surveillance for search and rescue, fishery protection, and patrol.

Insurance proposals 'should be changed'

BY ERIC SHORT

A CALL for changes in insurance law which would abolish an individual's duty of disclosure when applying for insurance was made yesterday by the Scottish Consumer Council.

The recommendation comes in a paper published by the council commenting on proposed reforms in insurance law put forward by a working party of the Law Commission.

The council points out that, under present law, people seeking insurance must provide information about themselves and their circumstances that could have some bearing on the insurance, however remote.

The applicant, it claims, naturally asumes that if the insurance company does not ask a particular question, he is not obliged to provide additional information. Thus under present law, the insurance company decides what is relevant for the insured to disclose, which information need have no direct bearing on any claim.

However, insurance companies should be compelled by law to ask for the information they require and should be able to refuse to pay claims only when people deliberately conceal relevant information, the council says.

It calls on insurance companies to devise new insurance proposal forms and says that individuals and companies should be treated separately.

The council also calls for reforms in warranties on insurance where, for instance, a person signs a form saying he is in good health, being genuinely unaware that he has a disease.

The Consumers' Association, in its comments on the Law Commission report, makes similar recommendations for changes in insurance law.

New Town agents named soon

BY ANDREW TAYLOR

ESTATE AGENTS who will handle the £140m property sales programme by the English new towns are expected to be named shortly.

The New Towns Association, which represents the 21 English new town corporations, is understood to have approached about 15 agents. Interviews are taking place.

Between three and five agents are expected to be chosen to handle one of the largest ever property sales in the public sector.

The programme, which must be completed by next March, has been ordered by Mr. Michael Heseltine, Environment Secretary, and accords with the Government's policy of selling publicly owned assets.

The Government has appointed Healey and Baker, the agents, to provide general advice on new towns sales policy. That precludes Healey and Baker from handling any of the sales.

The agents have apparently been engaged also to help to formulate the Government's longerterm approach to the new towns.

Property column, Page 7

Engineering exports show 1% rise while home sales fall

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE EXPORT market for engineering products has shown more resilience over the last few months than the home market, according to official figures published in Trade and Industry today.

This trend may be surprising since much of the industry claims it is having difficulties because of the strength of the pound. But the trend in new export orders has increased only slowly since the beginning of the year. Between February and May new export orders were only one per cent up on the previous period.

The home market has been unable to maintain the upward momentum that characterised the second half of 1978. New orders fell by 3.5 per cent between February and May against the earlier period, but the Department of Industry says it takes some hope from the seasonally adjusted figure for May. At 110 (1975 average monthly sales=100) the volume index of new home orders was at its highest since last December.

Sales of engineering products—electrical, mechanical and instrument—recovered strongly in the spring, after poor sales in January. The orders trend, however, still gives no clear indication of activity to be expected over the next few months.

Historic building

THE EXHIBITION Historic Monuments in Britain opens next Thursday at Kensington Palace and continues till the end of the year. It portrays the work of the Department of Environment Ancient Monuments and Historic Buildings section in presenting the architectural heritage.

Monuments and buildings from prehistoric times onward are displayed in 50 panels of photographs and text. "Before and after" pictures show blending and repair work with original materials in conservation.

Capital expenditure rises

THE VOLUME of capital expenditure in both the manufacturing and the distributive and service industries rose by 6.3 per cent in the April to June period compared with the previous three months, according to provisional estimates on 1975 prices published by the Department of Industry yesterday. Most of the increase was in distribution.

Investment by the shipping industry has continued to fluctuate sharply—up from £22m to £61m between the first and second quarters of this year at 1975 prices. In the first half of this year investment by this sector was nearly a third lower than a year earlier, although much the same as in the previous six months.

The level of stocks held by manufacturers, wholesalers and retailers rose by about £270m in the second quarter with the main rise in wholesalers' stocks.

CAPITAL SPENDING AND STOCKS

		Fixed Capital Expenditure £m (1975 prices, seasonally adjusted)		Increase in Stocks £m (1975 prices, seasonally adjusted)		
		Total	Manufacturing	Total	Manufacturing	Retailing
1973		8,777	3,440	2,235	1,170	633
1974		8,943	3,782	1,456	1,281	−185
1975		7,938	3,522	−1,475	−1,120	−106
1976		7,599	3,341	700	351	219
1977		8,418	3,637	970	509	48
1978		8,764	3,853	895	547	364
1977	1st	2,047	876	484	251	130
	2nd	2,059	898	460	199	24
	3rd	2,123	919	−88	4	−52
	4th	2,188	944	114	55	−54
1978	1st	2,162	946	219	112	73
	2nd	2,223	970	242	137	154
	3rd	2,195	966	253	169	63
	4th	2,185	971	181	129	74
1979	1st	2,175	952	229	53	95
	2nd*	2,312	965	270	55	69

* Provisional.

Source: Department of Industry

Stock Exchange Father dies

By Christine Moir

MR. ERNEST BOXALL of Stockbrokers Keith, Bayley, Rogers, has died aged 96. The cremation took place at Streatham Crematorium yesterday.

Mr. Boxall was elected to the Stock Exchange in 1908 and as the oldest member has borne the title of Father of the House for more than a year. The new Father, Colonel Vernon Laurie of Heseltine Moss, is a mere stripling of 83 who joined the exchange in 1921.

Mr. Boxall founded the firm of Duffus and Boxall in 1919. Through a process of amalgamations his firm was incorporated in the present firm of Keith Bayley Rogers for whom he continued to act until the end of July.

After the death of his wife a year ago Mr. Boxall moved to a nursing home but continued to deal actively for a number of clients. Partners in the firm recall that he phoned the office every hour during trading times and handled a considerable amount of business right up to his death.

Motor trades turnover up 31%

BY LISA WOOD

TURNOVER of the motor trades in the second quarter of 1979 was 31 per cent higher than in the same period last year, according to Government figures published yesterday.

On the same comparison turnover on new vehicle sales increased by 47 per cent, according to the journal Trade and Industry.

Used vehicle sales increased by 22 per cent and sales of petrol and oil, tyres, spares and accessories and receipts from servicing and repairs rose by 20 per cent.

The increases come as no surprise with new car sales in the first six months of this year reaching record levels—1.03m compared with 868,955 between January and the end of June last year.

● Sales of motor cycles fell back slightly in July after the June pre-Budget boom in registrations, but still exceeded sales in the same month last year.

July sales of motor cycles under 50cc reached 7,919 compared with 4,745 in the same month last year, according to provisional figures published by the Department of Transport yesterday.

Registrations were well up on the same month last year—14,194 compared with 10,393.

The department said that in spite of the boom in sales in June for both large and small motor cycles demand was still strong in July; the recent increases in the price of petrol having revived keen interest in motor cycles.

Next three months crucial for airship company

THERMO-SKYSHIPS, the Isle of Man company which plans to build a new type of airship, has had several inquiries from private investors, although its share prospectus issue failed to attract the necessary capital.

The next three months would be crucial for the company to raise money allowing it to carry on, and directors were following various lines of inquiry, a spokesman said.

A company in Alberta, Canada, was interested in using the airship to transport men and materials from its bases to remote oil exploration and extraction sites.

Financial support from European Ferries had enabled Thermo-Skyships to carry on with design and test work.

The main work was being done on the prototype, capable of around 90 knots, carry 50 passengers — but the design team was also working on larger versions which would have a greater range and payload.

Development of bar codes 'waste of time'

By Our Consumer Affairs Correspondent

A WEST GERMAN research organisation claims that the widespread development of special bar codes for grocery products, which are being introduced throughout Europe and the U.S., may be a waste of time.

The codes are recognised by special laser scanners at supermarket checkout counters, and automatically record price and product information for both the shopper and supermarket. Most big UK supermarket multiples are testing the laser-controlled system and food manufacturers are beginning to print bar codes on grocery products.

However, the Battelle Institute in Frankfurt claims it has developed existing optical character recognition equipment —such as is used in scanning bank cheques—to enable it easily to scan grocery prices at the checkout.

But UK supermarkets are sceptical of the claims made for the German system since the crucial factor with the laser-controlled checkouts is the savings it can achieve on stock levels.

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THE PROPERTY MARKET BY MICHAEL CASSELL

New town sales selection

ESTATE AGENTS seeking a share of the action in the £140m package of new town property sales are now being interviewed by the New Towns Association.

It is understood that the association has asked about 15 agents if they would like to be considered to take part in one of the largest ever property disposal programmes in the public sector.

It is expected that between three and five agents will be eventually appointed to handle the sales for the 21 English new towns involved.

The corporation had already been asked to raise £40m *through sales this year when* earlier this month, Mr. Michael Heseltine, Environment Secretary, increased this target by a further £100m.

At the same time the corporations were given permission to offer longer leases—up to 125 years instead of the present 99 years. Mr. Heseltine also indicated a much more relaxed attitude towards freehold sales.

Under the New Towns Act corporations cannot sell freeholds without the permission of the Secretary of State.

The department has already reached broad agreement with the new town authorities that the bulk of the sales—to be completed by March 1980—will came from eight towns. The final choice of what is sold and what is kept will, for the time being at least, rest with the 21 new town corporations.

The eight towns are Crawley, Hatfield, Hemel Hempstead, Welwyn Garden City, Bracknell, Harlow, Stevenage and Basildon.

Healey and Baker, which has been appointed special adviser to the Government on new town disposals, has begun its mammoth task of making a stock take of around 6,000 properties owned by the English new towns.

The company's exact role in the disposal programme remains unclear. The department stresses that it will not be directly involved in the sales and has been called in to provide general advice and to fill in gaps in the Secretary's knowledge of new town operations.

Mr. Paul Orchard-Lisle, the Healey and Baker partner appointed to head this operation says that the brief is very wide but time is short. A report is due on Mr. Heseltine's desk by September 14.

"After an initial stock take of all the new town assets we will try to identify those most likely for sale. We shall also prepare suggestions as to how *disposals might be carried out.*"

One suggestion already being considered by Healey and Baker is the possibility of some kind of property bond or unit trust which would be available to the ordinary investor. It may be that new town residents would be given preference in any issue of bonds or unit trust.

Healey and Baker may also be examining ways of encouraging a greater level of private industry investment in future new town developments.

With the vast level of institutional money still seeking good property investment opportunities there should be no lack of support for the current round of disposals.

Crawley, which recently sought around £2m to finance an industrial development had six institutions bidding against each other. At Washington in the North East five institutions tendered when asked to provide £1m for another industrial development.

The strongest demand for new town properties is expected to come in the industrial and shop sectors.

Research still being carried out on the new towns shows that investment yields in these two sectors are generally in line with those in the rest of the country.

Prime industrial yields of nine of the 21 towns are at 6 per cent—the same as the national average—and prime yields rise no higher than 7½ per cent in the remaining towns.

Prime shop yields in four of 13 towns so far studied are 4 per cent and none are higher than 6 per cent.

Mr. Orchard-Lisle sees no problem in the Government's target figure being met. "Compared with the £1.3bn the institutions spent on property last year—which is lower than what would have been spent if more good properties had been available—this is little more than a drop in the ocean."

Andrew Taylor

IN BRIEF

● McKay Securities has sold for about £1½m a 71 per cent interest in its office and warehouse complex in Caversham Road, Reading. Purchasers of 55,000 sq ft Excel House were the Hampshire County Council Superannuation Fund, who were advised by Richard Ellis.

● The first phase of the Mount Pleasant, Bilston, West Midlands industrial development carried out jointly by Whittingham Industrial and the Barton Group has been sold to the Norwich Union for £1.7m. Shipway Doble and Earle advised Norwich Union in the purchase of the 105,000 sq ft investment, let to Beldray.

● Easy Garments (UK) has paid around £700,000 for a 20,000 sq-ft single-storey warehouse and three-storey office block close to Staples Corner on the North Circular. The company was represented by Sinclair Goldsmith and King and Co. acted for vendors Hestair.

● Fluor (Great Britain) has completed its disposal programme of London properties in the wake of its move to Euston Square. White Druce and Brown has let nearly 10,000 sq ft at Blackfriars House, New Bridge Street, EC4, to the Docklands Development Organisation at a figure close to the asking rental of £11 per sq ft.

● Pension Fund Property Unit Trust has paid £1.45m for five shop units in Pinstone Street, Sheffield, with a total rental income of £70,500 a year. Horrox and Carr acted for PFPUT.

● Haslemere Estates has let two floors of newly modernised Crusader House in St. Stephen's Street, Bristol, at a figure close to the asking rent of £3 a sq ft. Tenants so far are Vanbrugh Life, part of the Pru, and Boots. Joint agents are Fletcher King and Megran and Hartnell, Taylor, Cook.

● The Knight Frank and Rutley U.S. joint venture is to open another office. Douglas Elliman Knight Frank was formed in May and already has one office in New York. President Earl Reiss says more offices are expected in California, Texas, Florida and Illinois.

● Caravans International is *selling 5.95 acres of industrial* land at Parkstone, Poole, Dorset to Standard Life Pension Funds for £580,000 cash on completion. The sale price exceeds the book value of the land and the buildings on it by £205,000 and the proceeds will go to reduce debt. Fox and Son acted for Caravans International.

● Confirmation of record rentals for Leeds came this week with news that AES Wordplex has paid about £5 a sq ft for space in Sun Alliance House, the recently completed 12-storey, 68,350 sq ft office block in the city centre. A similar rent has been achieved for space let to Anglo Leasing, a Rothschild subsidiary. Leases are for 25 years with five-year reviews. Only 25,000 sq ft now remains vacant and Weatherall Hollis and Gale is the sole letting agent.

Group's £15m surprise

"INHERENT CAUTION" is how Mr. Roger Wingate, managing director of Chesterfield Properties, explains the gap between his own board's recent £65m valuation of the company's property investment portfolio and the £80m open market figure subsequently arrived at by Healey & Baker.

The group's portfolio has a book value of just £29.08m and the surplus thrown up by Healey & Baker's latest exercise is being transferred to reserves.

Mr. Wingate says the valuation, together with the estimated surplus over book value attributable to Chesterfield's share of net assets of associate companies and including development sites at cost, indicates a net asset value of 368p a share. This compares with a book value of 97p and a figure of 286p reached by Sebags in its latest report on the group.

Sebag analyst Stephen Allen, who seems to have been as surprised at the outcome as Mr. Wingate, says he and his colleague Roger Baden Powell accepted the director's earlier assessment, added a little on for subsequent rental growth and imagined their 256p was "possibly a little conservative."

Healey & Baker is not the first agent in recent months to reach some fairly startling conclusions about trends in property values and the question of whether such confidence can continue to be justified in view of some very uncertain prospects for medium-term rental growth remains.

True, a period of substantial reversions is on the way, supporting current rock-bottom yields but the big question must be what influence the predicted recession will have on demand. Whatever the outcome, the more sensible level of present development activity should ensure a damaging glut of empty space is avoided this time round.

As for Chesterfield, caution remains the keynote. The company has embarked on sub*stantial UK development*—capital commitments are up from £500,000 to £11m—after a prolonged period of inactivity. The policy helped it to emerge largely unscathed from the slump. But it now feels development opportunities are more favourable than has been the case for some years.

A 3½-acre factory and warehouse complex near Heathrow has just come onto the letting market and the group's 250,000 sq ft central shopping area in Rugby should be open early in 1980, with virtually the whole scheme now under offer.

Chesterfield is still awaiting the outcome of talks between the Department of the Environment and the City Council before work can begin on the proposed Hull shopping centre extension. Agreement has been reached with the Basildon Development Corporation for a 150,000 sq ft retail centre.

Chesterfield's efforts will remain concentrated on the UK. Having extricated itself from what, at one stage, were fairly extensive European operations, the group's interests are now confined to a 25 per cent interest (at one stage more than a half share) in the Tour Albert and Ilot des Mariniers developments in Paris.

But the question of further involvement in Europe has not been ruled out. According to Mr. Wingate: "We remain fairly flexible in terms of investment opportunities and have certainly not ruled out Europe as a matter of course.

"*We have built up a great* deal of experience and many contacts in Europe but anything we do there will need to be more attractive than the opportunities now presenting themselves at home."

Chesterfield's general condition is strong, with short-term loans of £3.8m in the last balance sheet largely offset by cash balances. Borrowings will rise as developments progress, but the company's low gearing leaves it in a sound position in this respect.

According to Stephen Allen "The group's policy of restraint on long-term borrowing will not be relaxed unless interest rates fall significantly, but long-term funding for most of the development programme has already been obtained from institutional sources. Only certain developments are being financed on medium-term loans at fluctuating rates of interest."

INTERNATIONAL PROPERTY

Lack of suitors for the Princess

● NEWS ANALYSIS—
HAZEL DUFFY
LOOKS AT AN IMAGE PROBLEM AT BL

BEHIND BL's decision last week to reduce production of the Princess lies the inescapable fact that sales of the car in its relaunched Mark II version have proved disappointing.

The implications behind this must be serious. No car manufacturer, least of all BL, can really afford to launch a car which sells slowly.

The Mark I model was launched in March 1975 as part of the 18/22 series, and renamed the Princess in September that year. The Mark II version came out in October last year.

Registration figures for the Princess show that it took 1.84 per cent of the market in the third quarter of last year. With the launch of the Mark II version in October, plus the effect of the Ford strike on stocks of competing models in December, registrations went up to 2.64 per cent — a total of 7,317 vehicles.

In the first quarter of this year, Princess registrations were up to 9,151, and in the second quarter to 9,225. But its share of the market declined to 1.92 per cent and 1.65 per cent respectively as new car sales expanded significantly. In July, when sales to private buyers are always down, it took 1.68 per cent of the market.

Austin Morris, which makes the Princess at its Cowley plant, argues that the energy crisis has prompted a shift to smaller cars across the whole industry.

Dealers confirm that demand for the Mini—20-years-old this week—has never been more buoyant.

Competitors against the Princess are mainly the upper end of the Cortina range and the cheaper Granadas, as far as British cars are concerned.

The decision to reduce Princess production from about 1,000 a week to about 550 a week from now on was taken partly in the light of increasing demand for the other two smaller models produced at Cowley—the Marina and the Maxi.

In the second quarter of this year, when fuel consumption leaped to the forefront in the minds of new car buyers, demand for the Marina stood at about 19,000 vehicles, against less than 15,000 in the same period of 1978. The Maxi went up by more than 4,000 to 9,600.

Austin Morris was faced either with taking on more workers to increase production for these two models, for which demand is forecast to go on increasing, or switching workers from the Princess, models of which are filling the showrooms. Sensibly, it decided to do the latter, and the majority of the 500 workers affected are expected to be absorbed on the Marina and Maxi.

Although a larger and more expensive car, tthe Princess certainly does not fall into the gas-guzzling category of the Rover, for instance (where unsold cars have also led to cutbacks at JRT's Solihull plant recently). In fact, it may be that potential Rover buyers will switch to the Princess, causing Austin Morris to reverse its decision on the cutback.

It is quite clear that the Princess 2 suffers from an image problem—largely a hangover from the mechanical pitfalls of the Mark I model which did not become apparent until after the car was on the market.

Some dealers also suggest that it is tarred with the "Leyland" brush, and all that that means in terms of strife, insufficient funds, etc. The reversal to the old names of Austin Morris has not yet taken on sufficient identity, they say.

For all this, the dealers all say that the current version, especially the 1700 and 2000, are extremely good cars which should have much wider appeal.

If it really is the case that the Princess problem is primarily that of image, the message cannot be hammered home too strongly that BL must get it right first time when it launches the new Mini next year and the LC 10 early in the '80s.

That there is a shortage of design staff at BL is nothing new. Engineering skills are in short supply the world over. But the problems that BL has to contend with in attracting the right people, given its financial constraints, are again confirmed in a report published yesterday of evidence given by BL leaders to a House of Commons select committee last year.

In the general shortage of skilled engineers throughout the group, design engineers and electronics engineers were singled out by BL. Sir Michael Edwardes agreed with his questioners that "we invest less in people and in money than many successful companies."

The design that went into the Princess 2, with its new "O" series engine, seems to have successfully overcome the faults that were all too common in the earlier version of the car.

But the Princess has failed to forge ahead in the way that BL desperately needed from this, one of its few new models.

Of the diesel engined version, which BL had planned to launch some time this year, there seems to be no firmer news of a launch date. It may turn out that if the Princess is really to be a success, BL has to consider another expensive face-lift.

The question is, with all its other commitments and the financial pressure that BL must be coming under as a result of the strength of the pound, can it afford it?

Food and drink companies gloomy

By David Churchill, Consumer Affairs Correspondent

BRITAIN'S FOOD and drink manufacturers are not hopeful about profit margin recovery before the end of the year.

The latest profitability survey from the Food and Drink Industries Council finds it unlikely that profit margins will fall immediately to the very low levels of late 1977 and early 1978, but does not "hold out hope for much further recovery in the near future."

The survey shows that manufacturers' profitability was lowest in the first quarter of last year, when seasonally adjusted profit margins fell to 2.79 per cent.

Those margins, calculated by pre-tax profits as a percentage of sales, rose steadily throughout the rest of the year to reach 4.37 per cent in the final quarter.

However, in the first quarter of this year, profit margins, affected by the lorry drivers' strike, fell to 3.67 per cent. The council suggests that, even apart from the effects of the strike, the volume of food sales was too low for the recovery in late 1978 to have continued.

Although the abolition of the Price Commission is welcomed by food manufacturers, the council points out that several other factors are depressing profitability.

"The recent strength of sterling will make some sectors of the industry less competitive; some will benefit from improved raw material terms, while exports will be more difficult."

The council adds that recent changes in the "Green Pound" will lead to increased raw material prices "and may lead to some end-product sales resistance."

The increase in VAT on some foods is seen as another large obstacle. Although most foods are exempt from Value-added tax, confectionery, soft drinks and snacks are subject to VAT.

A leading article in the Council's latest Bulletin suggests that those food manufacturers whose products are subject to VAT are bitter and resentful at the increase. They may consider launching their own campaign to end discriminatory VAT on certain food products.

Insulation guide

THE British Standards Institution's Kitemark symbol is to be used to identify loft insulating materials made to a new British Standard which meets the requirements of the Homes Insulation Act. Buyers are entitled to a Government grant for first installations.

Ford invests £50m in new range of best-selling Cortinas

BY LISA WOOD

FORD'S NEW models of its best-selling Cortina range, the result of a £50m investment programme, were launched yesterday.

The Cortina Mark 1, launched in 1962, has outsold every other car in the UK market for six of the last seven years.

In the first half of this year, more than 117,000 Cortinas were sold out of a total market of 1.08m, and the Ford Cortina has been the best selling car in the UK for the whole of this year.

In spite of the growing demand for smaller cars Ford claims that demand for the Cortina—which falls into the family and medium car range—is unlikely to fall.

Ford said yesterday that, since its introduction in September 1976, the Mk IV Cortina had benefited from a number of improvements. The 1980 models, however, are the direct result of a £50m investment programme, parts of which were initiated before the car's 1976 re-launch.

Explaining the substantial investment in an already competitive car Sir Terence Beckett, chairman and managing director of Ford UK, said: "The success of the Cortina over the years is due more than anything, I believe, to the fact that each stage of its development has reflected what motorists have told us they most want in a family car."

It costs more than £400m to get a brand new model on to the road and Ford, determined to maintain its sales of the Cortina, is prepared to spend a significant amount on a big face-lift to maintain sales.

Outwardly, the car has been changed slightly. Modifications include larger rear-windows, wrap-around indicators and bumpers and the adoption of the aerofoil grille, first seen in the Fiesta and now fitted to the entire Cortina range. Ford has also responded to criticisms of the previous Cortina seats with a new design.

However, it is the "under the skin" modifications which Ford claims are the most significant. The company says that changes to the mechanics of the car can improve fuel consumption by up to 7.5 per cent. Maintenance costs have been reduced through the doubling of the main service interval for all models to once a year. Other areas to have received attention include corrosion-resistance and braking.

The new models will cost between 3 and 6 per cent more than the old ones. The prices, including all taxes, range from £3,345 for the basic two-door 1300 saloon to £6,434 for the 2300 Ghia Estate. UK production of the 1980 Cortina started this week at Dagenham. The Cortina will also be produced at Genk, Belgium.

● Vauxhall yesterday announced improvements to the Chevette range and said that the cars will continue well into the 1980s.

The company announced changes to both Chevettes and the larger-bodied Cavaliers—particularly inside the cars.

Two new models are added to the Cavalier range and one has been dropped. A 2000 GLS four-door saloon is introduced and a 1600 GL version of the Sports Hatch. A 2000 GLS coupe—to a large extent superseded when the 2000 GLS Sports Hatch was introduced—will no longer be available.

Vauxhall Royale and Carleton models continue unchanged. Vauxhall said steps had been taken to meet the continuing demand for all models. Prices of the 1980s models will be announced shortly.

BBC warning of service cuts

BY PETER O'CONNELL

THE BBC could meet planned Government cuts of £4m in the 1980-81 World Service budget by dropping nearly all foreign language broadcasts to Europe, a corporation executive said yesterday.

Mr. Gerald Mansell, managing director of BBC external services and deputy general director of the BBC said the Latin American Service would also have to go. But broadcasts to Europe in Russian would survive.

He made the statement on London Broadcasting radio after meeting Foreign Office officials, who have to find where the cuts will be taken.

Mr. Mansell told the Foreign Office that it would be hard for the BBC to disprove Russian allegations that the corporation is a propaganda station if in Europe it broadcasts only to the East.

"The External Services are very highly regarded, even by those political leaders overseas embarrassed by or hostile to what we say. The main reason is that we provide a very objective news service."

Mr. Mansell said on LBC: "The threat is very serious, involving 10 per cent of our total budget. This means a cut in our broadcast hours of between 17 and 25 per cent."

This would involve dropping all broadcasts in French and Portuguese—which are also transmitted to Africa—German, Finnish, Italian, Spanish, Greek and Turkish.

Yesterday was Mr. Mansell's first meeting with the Foreign Office since Lord Carrington, the Foreign Secretary, told the House of Lords shortly before its summer recess that the BBC would be consulted fully before a decision was taken. Further meetings will take place.

The BBC made it plain at the meeting that it is for Lord Carrington and not the corporation to choose which services are to be abandoned. A final decision will be announced in the public expenditure White Paper which is to be published in the autumn.

Industry critical of clothes survey

BY RHYS DAVID

BRITAIN'S TEXTILE industry yesterday strongly criticised the survey by the Consumers' Association, which claimed that large increases in clothing prices were likely as a result of import restrictions. The restrictions were introduced under the General Agreement on Tariffs and Trade multi-fibre arrangement.

Mr. Leonard Regan, president of the British Textile Confederation, and chairman of Carrington Viyella, said that the survey had placed disproportionate reliance on the views of a small number of retailers, who would benefit from the removal of import controls.

He accused the Consumers' Association of failing to give sufficient weight to other factors involved in the rise in import prices. These included wage increases, transport costs, raw material prices, and the natural inclination of overseas producers to raise prices in the face of high demand for their products.

The textile industry also alleges that the Consumers' Association has misunderstood the nature and scope of the multi-fibre arrangement (MFA), and import legislation.

Present regulations give the consumer a guaranteed and growing access to a huge range of textiles and clothing, said Mr. Regan.

"Under the MFA, imports from the countries concerned rose last year by 19 per cent, compared with an increase in the UK market of 10 per cent."

The industry claims that the survey takes no account of whether forecast price rises are justified by the effect of import restraints.

As well as any increases in import prices, importers' porfit margins and cost increases in the UK play a very large part in rising clothing prices, the industry statement said.

"To attribute all price increases to the operation of the MFA is unrealistic and irresponsible," it says.

Brick production figures out

FINANCIAL TIMES REPORTER

BRICK PRODUCTION reached 391m last week, compared with 445m in June, the Environment Department said yesterday.

In the three months to the end of July, output was 3 per cent higher than in the previous quarter and up by a like amount on the same period a year earlier.

Brick deliveries last month reached 472m, compared with 487m in June. In the May-July period, deliveries were 9 per cent higher than in the previous less than 12 months before.

Stocks had fallen by the end of July to 645m from 726m in the month before, the Department said.

Cement deliveries averaged 340,000 tonnes a week in July, up by 5,000 tonnes a week from the previous month. Production rose to 363,000 tonnes weekly against 357,000 tonnes in June, and stocks at the end of July stood at 303,000 tonnes, a fall of 21,000 tonnes from the previous month and 3,000 tonnes less than a year earlier.

Phone bill backlog clearance next year

BY MAX WILKINSON

THE BACKLOG of telephone bills caused by a 19-week dispute between the Post Office and computer staff is unlikely to be cleared completely until early next year, it was discolsed yesterday.

Members of the Civil and Public Servants' Association (CPSA) have accepted a pay offer which will give data processing staff rises worth an average 16 per cent.

But members of the supervisory union, the Society of Civil and Public Servants (SCPS) have yet to decide on their executive's recommendation that they should return to work. If, as expected, they agree to resume work next week, an immediate start will be made in feeding data from telephone meters into the billing computer.

But the Post Office says the first bills could not be sent out until October or November. These bill will include two quarterly rental charges and at least six months' telephone charges.

The six month bills will be sent out while the backlog is being cleared up, and the normal quarterly billing cycle is not expected to be resumed until early next year.

£600m outstanding

At present, the data from subscribers' meters is held in the form of photographs in local offices. These show the number of dialled units which will have to be entered into the Post Office's computer centres in Harmondsworth and Leeds.

Losses caused by the strike are estimated to be £90m. The total of the bills which would have been sent out by the computer amounts to £1bn, but about £300m of this has been collected through bills prepared manually. More than £600m, therefore, remains outstanding.

About 350 CPSA members have been affected by the dispute, and a further 120 members of the SCPS are still involved.

As well as the billing disruption, the dispute has prevented data being entered into the Post Office's central stores computer. This has resulted in delays for customers wanting new equipment because local offices have been running out of parts.

Information about new subscribers has also been held up so that the production of new directories has been delayed. But the Post Office says subscriber information held by directory inquiries operators is generally up to date.

Subscribers' stamps

Payroll data has also been held up, and the computer will have to calculate overtime and other payments due to staff, and make the necessary adjustments.

The final tally of losses incurred by the Post Office will depend upon the speed with which it can get out bills and the willingness of the public to make payments in advance of receiving a bill. The Post Office says it will accept cheques on account from subscribers, provided that they are accompanied by the subscribers' telephone number. Subscribers can also buy £1 telephone stamps at Post Offices.

● There has been a notable advance by the Post Office in its relations with customers, although there are still serious deficiencies in performance by both post and telecommunications sections, says the annual report of the Post Office Users' National Council (POUNC).

In POUNC's annual report to Parliament for the year ending March 31, Mr. John Morgan, chairman, said customers were better informed about their rights as a result of codes of practice agreed between the council and the Post Office.

This and other improvements, however, were overshadowed by the "inordinate delays" in installing new telephones and repairing faults and the time taken for letters to be delivered.

ITV companies agree to talks

BY OUR LABOUR STAFF

THE INDEPENDENT television companies agreed yesterday to a request from the Federation of Broadcasting Unions for a meeting today on the dispute which has blacked out ITV programmes.

The federation represents eight unions at ITV, including a number not in dispute with management but many of whose members are suffering considerable financial strain through lost wages.

It asked Mr. William Whitelaw, the Home Secretary and the Independent Broadcasting Authority to intervene, and has sought a meeting with ITV companies to break the protracted deadlock.

The managing directors of the companies met yesterday. There appeared absolutely no sign that they were prepared to consider even a marginal improvement on their pay offer of 16 per cent.

The Association of Cinematograph, Television and Allied Technicians, the National Association of Theatre, Television and Kine Employees and the Electrical and Plumbing Trades Union have sought increases of about 25 per cent.

A spokesman for the federation said: "The situation is now so serious that someone has to take the initiaitve to get the two sides together."

Staff ask for more as Shell profits rise

BY OUR LABOUR STAFF

WHITE-COLLAR staff at Shell refineries have submitted an interim pay claim eight months after their last settlement because of the company's profit performance.

Delegates of the Association of Scientific, Technical and Managerial Staffs, which claims to represent 3,000 clerical, engineering and supervisory staff at Shell, decided to submit the claim after the announcement last week that the Royal Dutch-Shell Group boosted its profits to £1.3bn in the first half of this year.

Mr. Roger Ward, the union's Shell staff section secretary, said that the last negotiations, which ended with an 11 per cent settlement, the company told the union that it could not afford to pay more.

The union now took the view that the company deliberately deceived the workforce, because the latest profit figures showed an increase of almost 240 per cent on net income over the first six months of last year.

The union decision has been affected by an agreement at three other oil companies to pay interim pay deals to all, or sections of, their workers. Some of these payments have been about 6 per cent, but Mr. Ward said his union would seek more than this at Shell.

Pilkington improves wage offer to 16½%

PILKINGTON GLASS yesterday made an improved pay offer to its 8,000 process workers following two one-day national strikes which halted production.

The General and Municipal Workers' Union, which represents the workers, said the company had lifted is pay offer of about 14 per cent to about 16½ per cent.

Mr. David Warburton, union national officer for the glass industry, said Pilkington had also given commitments on new wage structures, as well as on shift payments, which the union has also been seeking.

The union's industrial committee, made up of shop stewards for the company's British plants, is due to meet next Wednesday to consider the offer.

Mr. Peter Horan, Liverpool official of the union and its secretary during pay negotiations, said: "The improvement would mean that the very minimum rate would be £71.64 for 40 hours, but the majority of our members are on higher basic rates plus bonus and shift payments. We have made important progress."

Staff strike against NALGO pay offer

STAFF of the National and Local Government Officers' Association start a series of one-day strikes today for a 10 per cent-plus-£15 pay claim.

The workers, members of the Association of Professional, Executive, Clerical and Computer staff, want a minimum wage of £75 a week. The union said that NALGO had made an offer "based on 14 per cent of its pay bill."

The offer, in the form of 10 per cent plus £4, was "derisory" in the face of accelerating inflation, said APEX.

"NALGO's offer to its staff is just not enough," Mr. Keith Mann, the APEX convenor, said. "NALGO is recommending its own union members in the gas and water industries to reject offers of 14 per cent and 18 per cent respectively.

"In the Health Service NALGO has concluded phased increases of well over 25 per cent for its members, yet they are prepared to offer their staff only 14 per cent."

The unions representing staff employed by NALGO claim that some lower-paid staff earn less than £42 a week.

● The meeting arranged by NALGO of delegates from its members in the gas industry, which was to be held in London next Wednesday, has been postponed indefinitely because of the APEX action.

Goldsmith hits out over union leadership

THERE IS an "abysmal lack of leadership" in the trade union movement, Mr. Walter Goldsmith, director-general of the Institute of Directors, claimed yesterday. He also accused the TUC of having a "short-sighted and reactionary attitude."

Mr. Goldsmith was commenting on the TUC's reaction to a meeting yesterday with Mr. James Prior, Employment Secretary.

"The negative, short-sighted and reactionary atitude of the TUC to Mr. Prior's modest proposals for reforming industrial relations legislation can only raise the question of the ability of the present trade union leaders responsibly to lead their members," he said.

"Mr. Murray and his colleagues are being pushed by typically motivated activists into believing there is a ground swell of violent opposition on the shop floor to any changes being made in trade union law."

Mr. Goldsmith said it was all very well for the TUC to play to the gallery just before its annual conference, for the sake of maintaining a semblance of unity. "But is the TUC so blinkered that it cannot recognise the public disgust at the excesses of last winter's industrial disputes."

He asked Mr. Murray and the leaders of the TUC not to use their annual conference as a launching pad for a "destroy at all costs" campaign against the Government.

"The trade union movement in this country is at present suffering from an abyssmal lack of leadership. Their journey into the blind alley of confrontation can only lead present TUC leaders to be condemned by history."

BL strike revolt grows

MORE BL workers joined the shop-floor revolt yesterday against the engineers' pay strikes.

At the Pressed Steel Fisher body plant in Castle Bromwich, Birmingham, 600 night-shift men threatened at a meeting to ignore the next strike—a two-day stoppage planned for September 3 and 4.

Their protest came soon after hundreds of Rover workers at Solihull rebelled over the strikes, called by the Confederation of Shipbuilding and Engineering Unions for an £80 minimum weekly wage.

The Rover workers were furious when they collected their pay packets and saw how much the overtime ban and strike campaign was costing them.

Solihull stewards yesterday dismissed the revolt as "no problem at all."

APPOINTMENTS

Mercantile & General managing director

Mr. J. A. S. Neave has been appointed to be the first managing director of MERCANTILE AND GENERAL REINSURANCE COMPANY from January 1, 1980. Mr. Neave became general manager in 1966 and has been on the Board since May 1977. He will be succeeded as general manager by Mr. P. J. Howell. The company is a subsidiary of Prudential Corporation.

★

Mr. Ian Caplan has been appointed to the Board of PENTOS following its successful offer for the Caplan Profile Group of which Mr. Caplan is chairman and joint managing director.

★

MARCONI AVIONICS, a GEC-Marconi Electronics company, has made the following senior appointments. Mr. C. J. Frost has been appointed manager at the Nailsea site and Mr. C. R. Reese becomes divisional manager of instrument systems division at Rochester, Kent.

★

Group Captain Larry Flowerdew has been appointed a full-time chief executive of the AIR TAXI OPERATORS ASSOCIATION from September 10. The previous chief executive was Mr. Peter Moxham, who has taken up a new management appointment with CSE Aviation but continues with the ATOA as vice-chairman.

★

Mr. Peter T. Swan has been appointed a director of EDMUND NUTTALL LIMITED, a subsidiary of Edmund Nuttall Sons and Co. (Manchester).

★

Mr. Denis Nicholson was appointed commercial director of CUNDELL COUTTS.

★

Mr. D. J. Davies, a partner in Quilter Hilton Goodison and Co., has become a member of the CONFEDERATION OF BRITISH INDUSTRY Smaller Firms Council.

★

Mr. J. F. Barnes, at present deputy director (weapons) at the ROYAL AIRCRAFT ESTABLISHMENT, is to become deputy chief scientific adviser (projects) from September 10 to fill the vacancy at deputy secretary level left by the retirement from the public service of Mr. V. H. B. Macklen.

★

Mr. Dennis Tapper has been appointed by GRINDLAYS BANK to head its tax department. He has held senior tax positions in industry and was formerly an inspector of taxes.

★

Mr. N. C. F. Barber has rejoined OCEAN TRANSPORT AND TRADING as director, marine division, following a 2½-year secondment to the National Enterprise Board. He will in due course assume responsibility for the group's liner shipping interests. Prior to joining the NEB, Mr. Barber was for four years managing director of Cory Distribution, the group's high street distribution subsidiary. He has been with the Ocean Group since 1964.

★

Dr. Paul Temple, Dr. David Morris and the Marques de Casasola have been elected to the Board of NATIONAL CARBONISING COMPANY. Mr. Alan Dodd, company secretary, has also been elected to the Board. Mr. Peter Manley and Mr. Kenneth Walker have resigned as directors.

★

Mr. Ralph W. Pausig has been appointed a corporate vice president and director of personnel for INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION. He had been vice president and director of administration of its subsidiaries, Hartford Fire Insurance Company.

★

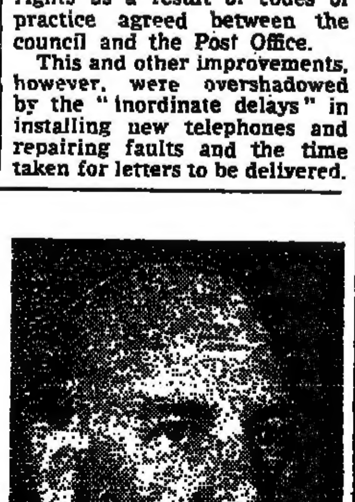
Mr. Clive Beaumont has been appointed to head the employee communication consulting activities of WILLIAM M. MERCER, London. The company is a subsidiary of Marsh and McLennan.

★

Mr. Stephan Kock has been appointed export director of HARVEY HABRIDGE, a subsidiary of the Butterfield-Harvey Group. He remains a director of Biddles Holdings.

★

Mr. Denis Comper has been appointed chairman of C. A. AUDIO SYSTEMS, a subsidiary of Norton Warburg Investments. He is also a director of Savile Guest. Mr. Geoffrey Sore has become marketing manager of C. A. Audio Systems.



Mr. Julius Neave

FINANCIAL TIMES SURVEY
Friday August 24 1979

Aero-Engines and Industrial Gas Turbines

The re-equipment programmes in the world airline industry are bringing a surge of new orders to the aero-engine builders and the high level of business is likely to persist for several years. On the industrial side demand is sluggish and competition intense.

Diverse market trends

By Michael Donne, Aerospace Correspondent

THE WORLD market for gas-turbine engines has expanded rapidly in recent years, in all *main areas of application—aero-engines*, land-based uses for power-generation, pipeline pumping and other duties, and as propulsion units for naval and commercial ships and Hovercraft. Today, there seems no limit to the further expansion of these markets, notwithstanding the problems arising from soaring fuel prices and the possibility of acute shortages of fossil-based fuels by the end of this century.

The reason for this expansion is that the gas-turbine engine, in all its forms, remains one of the most efficient sources of power available today, either in the air, on land or at sea. Modern technology is making it even more so. The latest generation of aero-engines on offer for the new airliners now in production, such as the Dash 535 version of the Rolls-Royce RB-211 engine for the Boeing 757 jet airliner, will *burn up to 40 per cent less fuel* per passenger than the Spey engines used in the Trident Three jetliners that the 757s will replace in the fleets of British Airways—one of the principal reasons for that airline's choice of that engine/airframe combination.

Before the fuel price crisis of the current year, the new generation of aero-engines promised to take the airline industry substantially ahead of steadily rising costs. To some extent the fuel price increases *of recent months have eroded* the effects of that advance, but without the new generation of engines on which to rely, the world air transport industry would by the early 1980s have been in serious economic difficulties. Even allowing for the escalation in fuel prices, however, there is still a substantial cushion against further price increases, and the progressively advancing technology in gas-turbine aero-engines, outlined elsewhere in this survey, should help to ensure that the airlines keep ahead of rising fuel costs.

Until such time as either a cheap, safe and conveniently usable nuclear power-plant becomes available, or the gas-turbine engine itself is adapted to burn other fuels (such as, say, liquid hydrogen, or even gasoline derived from coal), there is no other type of power-unit available that can meet the world-wide demands now emerg*ing for the gas-turbine engine.*

The estimates of the future market in the aviation gas-turbine engine field show a considerable volume of potential business, amounting to upwards of £25bn in the civil field alone, including spares, up to the end of the 1980s, with probably a comparable value in the military aero-engine market.

In the land-based industrial and marine-based gas-turbine fields, the potential is also vast. One recent estimate is that close to 12,000 units will be required *from the main manufacturers* in the period up to 1985, collectively amounting to close to 150,000 projected new megawatts of power. A recent study published by Rolls-Royce, for example, showed that there were about 108,000 miles of new oil and gas pipelines either under way, planned or proposed throughout the world, for which *a substantial number of gas-*turbine pumping or power-generating units will be required, probably most of them derived from aero-engines. Rolls-Royce's Industrial and Marine Division has sold some 2,000 gas-turbine engines, worth over £500m, in the past 19 years.

Many companies are involved in the gas-turbine engine industry. *In the aero-engine field*, the picture is dominated by the so-called "Big Three," which collectively hold about 76 per cent of the world market in aero-*engines. They are Pratt & Whit*ney, of the U.S., the biggest aero-engine builder in the world, with an estimated 42 per cent of the market, General Electric of the U.S., and Rolls-Royce of the UK, each with an estimated 17 per cent of the market.

The competition between these three giants is fierce, even bitter, *and Rolls-Royce* makes no secret of the fact that it would like to push its share of the market up to about 25 per cent in the years ahead, at the expense of its two rivals. As this survey shows, to achieve this it is putting heavy emphasis on new developments of the RB-211 engine, including the Dash 535 version for the Boeing 757 air*liner, but it must* substantially improve its productivity if it wishes to retain, let alone move ahead in, the markets it has already won.

The rest of the Western world gas-turbine aero-engine market is covered by about 50 companies, of whom the biggest include several in France—the State-owned Snecma the privately-owned Turbomeca and Microturbo — and two international groups, CFM-International, formed jointly by Snecma and General Electric of the U.S., and Rolls-Royce Turbomeca, formed jointly by the two companies named in that title. Outside France, there is Fiat Aviazione in Italy; West Germany has Motoren-und Turbinen Union and Turbo-Union; in Japan there are Ishikawajima Harima Heavy Industries; Kawasaki Heavy Industries and Mitsubishi Heavy Industries; in Sweden there is Volvo Flyg*motor. In the U.S., in addition* to Pratt and Whitney and General Electric, there are the Detroit Diesel Allison Division of General Motors, Avco Lycoming, *Garrett-AiResearch and* Teledyne. There are of course many other engine companies in the Western world, but they are either smaller or primarily engaged in piston-engines, or rocket engines of various kinds for missiles and other purposes.

Several of these companies, including the "Big Three," are active in the land-based and marine gas turbine markets. As explained elsewhere in this survey, there is an important distinction between the aero-derivative and the heavy-duty industrial gas turbine. The latter has some characteristics in common with the steam turbine and is generally made by the steam turbine manufacturers. These include General Electric and Westinghouse in the U.S., GEC, *Kraftwerk Union, Brown Boveri* and Stal Laval in Europe.

In the sector of the market above 10,000 hp there is a partial overlap between these two *designs* and considerable argument about their respective merits. General Electric of the U.S., both on its own and through its manufacturing associates overseas, has a dominant position in the heavy duty market, but it also, of course, has a direct stake in aero-derived *industrial* gas turbines. Others have taken steps to keep a foot in both camps, buying in the aero-derived gas generator from one of the aircraft engine builders and incorporating it in their own gas turbine package.

In the industrial market below 10,000 hp some companies, like Avco Lycoming and Detroit Diesel Allison, offer an industrial version of engines which were originally designed to power aircraft. They compete against companies like Ruston, Solar, Kongsberg, Hispano Suiza and Sulzer, whose designs were aimed specifically *at industrial applications.*

Like the aero-engine market, the industrial gas turbine business is highly competitive, but in contrast to aero-engines current demand is rather sluggish. There is generally thought to be too much capacity in the industry and some companies are being forced to cut back their operations. How soon the situation will correct itself remains to be seen, but there is pressure on all manufacturers to improve the performance of their *machines* both to serve existing customers and to create new markets.

Technical development is costly. The development of a new aero-engine alone can cost anything up to £500m, depending on the size of power-plant required. This investment, moreover, is not quickly recoverable, but can be spread over more than a decade before profits flow back. During that time the initial investor, whether government or commercial organisation, has to sit patiently awaiting for the investment to mature, well aware of the risks involved in what is a highly competitive business.

The size of engine investments accounts for the fierceness of the battles now being waged in the world's aero-engine markets, for shares in the new generation of airliners on offer to the air transport industry. It has been esti*mated that the current* re-equipment tide now flowing through the world's airlines will add at least 3,500 new airliners, involving some 10,000 engines or more, between now and the early 1980s, collectively worth some £40bn.

It is also a fact that because of high development costs the focus in gas-turbine engine design is now more on evolu-

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AERO-ENGINES II

Booming military requirement

HMS Invincible is the first of the Royal Navy's new class of anti-submarine cruisers, powered by four Rolls-Royce Olympus marine gas-turbine engines. This class of 20,000-ton ships—the others are HMS Illustrious, due for commissioning next year, and HMS Ark Royal, now under construction—will each carry Sea King helicopters and Sea Harrier vertical take-off strike aircraft.

THE MILITARY gas-turbine aero-engine market during the 1980s is likely to outstrip even the vast civil market, as a result of continuing military expansion programmes being undertaken by many countries, especially in the developing world.

Notwithstanding efforts by the major powers to try to limit strategic nuclear weapons developments, including the numbers of weapons delivery systems, such as supersonic bombers, there remains throughout the world a heavy, unfilled and expanding demand for conventional tactical weapons, including tactical combat aircraft. This is just as true of the NATO nations as it is of the developing countries throughout the world, as a result of the need in NATO to try to recover its present imbalance in tactical combat aircraft types vis-a-vis the Warsaw Pact nations.

Thus although precise figures are impossible to glean because of the sensitive nature of the world market, it is generally believed that upwards of 5,000 new combat aircraft of various kinds will be built through the 1980s, worth an estimated £50bn, of which the engines and spares element is not likely to be less than about one-third to one-half, or somewhere between £15bn and £25bn. This is only the broadest of estimates, but it does not seem to be seriously disputed in the aerospace industries of the Western world that the military aero-engine market as a whole could well be worth this kind of money in the decade ahead.

Two basic patterns appear to be dominating the development of military aero-engines. One is that because of the heavy costs of new engine development programmes, even though these may be funded on Government defence votes, there is a tendency to produce "families" or "series" of engines, from a basic engine concept that has already proved its worth. This does not mean that new engine concepts are not required to meet newly emerging military requirements, but where possible every effort is made to draw on existing technology where this is valid, and to use any new technology that evolves as the basis for further derivative engines. This pattern, therefore, is broadly similar to that which has already been apparent for some time in the civil aero-engine field, where "families" of engines have evolved for a wide variety of roles from an original basic concept—such as the RB-211 series, for example.

Collaboration

The second basic pattern is more evident in the military field than in the civil (where intense inter-company and international competition is the order of the day)—and that is international collaboration, especially among the aero-engine manufacturers of Western Europe. One of the most significant examples of this on this side of the Atlantic has been the collaboration between Rolls-Royce of the UK and Turbomeca of France on the development of the Adour engine, first for the Anglo-French Jaguar jet strike-trainer aircraft, and subsequently for such other aircraft as the Japanese F-1 and T-2 fighter-support and trainer aircraft in service with the Japan Air Self Defence Force, and the UK Hawk ground attack/air-to-air combat and trainer aircraft.

Various versions of the Adour engine have been produced, or still are under development, and in addition to the Anglo-French manufacturing programme, they are to be made under licence in India for the Jaguars bought by that country, while they are also made in Japan by Ishikawajima-Harima Heavy Industries. The engine is on offer in the Hawk trainer to meet a U.S. competition for a new advanced jet trainer, designated VTX, but the engine is also being submitted in its own right in this competition as a possible power-plant for other aircraft, even those of U.S. design.

International collaboration is also being carried further by the recent decision of the Italian Government to develop a new close-support aircraft, the AMX, to be powered by the Rolls-Royce Spey, of which in turn a major proportion will be built under licence in Italy. It is expected that manufacture of the Spey engines, components and spares will continue for at least 20 years for AMX aircraft for Italian Air Force and export customers.

Yet another major example of international collaboration now emerging in the military engine field is that between Rolls-Royce and Pratt and Whitney of the U.S. on the development of the Pegasus vertical take-off engine for the advanced YAV-8B Harrier programme for the U.S. Marine Corps. Two of these aircraft have been built and are flying, to enable the U.S. to determine upon a substantial production order to meet its Marine Corps requirements through the 1980s. In the event of such an order being placed, it is expected that much of the aircraft will be built in the U.S. by McDonnell Douglas, and that much of the work on the Pegasus engine will be sub-contracted by Rolls-Royce to Pratt and Whitney Aircraft.

But the prime example of international collaboration in military engine developments is the RB-199 for the Anglo-West German-Italian Tornado Multi-Role Combat Aircraft (MRCA). This programme calls for 809 production aircraft, with two engines each, so that including spares the overall RB-199 development and production programme envisages over 2,000 engines, worth well over £2bn. This figure does not take any account of the possible export of Tornado aircraft and engines.

The work on the RB-199 is being undertaken by Turbo-Union, a three-nation consortium that comprises Rolls-Royce in the UK, Motoren-und Turbinen Union of West Germany and Fiat Aviazione of Italy. The Rolls-Royce share comprises the Low Pressure compressor combustion chamber, High Pressure turbine, turbine-casing and reheat assembly. MTU is responsible for the Intermediate Pressure and High Pressure compressors, intermediate casing, gearbox, Intermediate Pressure turbine, thrust reverser and the by-pass duct. Fiat Aviazione is responsible for the Low Pressure turbine, exhaust diffuser, rear jet pipe and variable nozzle. A number of RB-199s have already been built for the 16 prototype and pre-production aircraft, and for the early production models of the basic strike Tornado and the first of the Air Defence Variant of the aircraft. Production of RB-199s is now mounting rapidly.

Standards

Apart from the massive industrial programme that is involved in the three countries on the RB-199, it is regarded as one of the most advanced engines technologically in the Western world, with a high specific thrust (that is, thrust per unit of air mass flow) and a very low weight. The RB-199 is being built to very high production engineering standards, which have tested to the full the technical capabilities of the companies involved. A number of advanced manufacturing techniques have also been involved in the development of the engine for the first time, including electro-discharge machining, inertia bonding, and shaped-tube electrolytic machining.

The engine is also unique in [illegible] military engines in that it is being built on the "modular" principle—that is, in comparatively easily assembled parts, so that the engine can be stripped, rebuilt, installed in an aircraft and run without having to be tested on a bed. This means that only a minimum of special tooling need be used and once the RB-199 is in service maintenance to a complex standard can be done at Squadron level.

The feature of the programme that has also caused much satisfaction to the three Governments is the smooth development of international collaboration through Turbo-Union itself. In the same way that the Tornado airframe development through the Panavia consortium could open the way to further aircraft developments in future, it is thought that Turbo-Union could become the logical development centre for future collaborative military aero-engine programmes.

That such programmes are likely to emerge in future is not seriously doubted in the aero-engine industry. It is pointed out, for example, that the Air Staffs of the UK, West Germany and France have been discussing for some time the possibility of developing a major new tactical combat aircraft for the late 1980s and beyond, known so far in the UK as Air Staff Target (AST) 403, and intended for the RAF at least, as a potential Jaguar replacement. If such an international airframe venture gets under way, as a means of splitting costs and broadening the market, it seems likely that Panavia would be the logical contender for the airframe development, as a result of its Tornado experience, and that either Turbo-Union, through its RB-199 experience, or Rolls-Royce Turbomeca with an Adour development, would be logical contenders for the development of the engine.

Michael Donne

Market

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tionary improvement rather than on searching for radical new concepts. In the aero-engine field in particular, the emphasis has shifted from providing new engines with great range and high speeds to providing improved economics of operation, to meet soaring fuel costs, and greater quietness, to meet increasing environmental susceptibilities.

The trend is towards "derivative" power-plants, with "families" of engines emerging from the concepts which had their technological genesis in the late 1960s and early 1970s. It is unlikely that in the immediate future there will now emerge an entirely new engine, for example, to challenge the Rolls-Royce RB-211, Pratt and Whitney JT-9D or General Electric CF6 series in the "big thrust" class, but rather that each of those companies will spend substantial sums on developing new variants of those engines.

This does not imply that radical technical innovations will not occur—they may have to, if the supply of fossil fuels dries up more quickly than is now thought likely. Should new types of aviation fuel emerge, such as liquid hydrogen or aviation fuel derived from coal, existing types of engine will have to be adapted to burn those fuels, or entirely new types of engine developed. The gas-turbine engine industries are not worried about this situation. They are confident that the technology already developed will be able to cope with this contingency when it arises, although they point out that the crux is more likely to be the availability of funds rather than any lack of technological competence to meet the challenge.

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Big airline suppliers locked in battle

DOMINATING THE world's civil aero gas-turbine engine industry at this time is the major battle between the "Big Three" engine builders—Rolls-Royce, and Pratt and Whitney and *General Electric, both of* the U.S.—for shares in a market estimated to be worth between £25bn and £30bn between now and the 1990s for engines in the "new generation" of jet airliners.

This fight stems from the re-*equipment tide* that *is now* flowing through the world's airlines, as a result of which it is expected they will order between now and the early 1980s *more than 3,500 new airliners,* worth upwards of £40bn initially, both to cope with growth *and to replace existing ageing,* noisy and increasingly fuel-inefficient and expensive airliners with the latest types. These include the Boeing 767 semi-wide-bodied and 757 narrow-bodied jets, the European 250-seater A-300 and smaller *200-seater A-310 Airbuses, and* the McDonnell Douglas DC-9 Super 80, as well as the latest versions of the existing bigger wide-bodied jets—the Boeing 747, Lockheed TriStar and McDonnell Douglas DC-10.

The aero-engine element of any new airliner is generally estimated to amount to one-quarter to one-third of basic fly-away value, including initial spares, and that this amount is likely to be doubled in spares purchases and replacement engines over the 15 to 20 years of in-service life of the aircraft. Thus, the market for engines alone is already assessed at anything upwards of £15bn by the early 1980s, and could amount to double that sum by the early 1990s.

It is a massive market by any standards—and one that is not likely to be damped down by the current energy crisis and the rising cost of fuel. Rather is the spate of new orders likely to be accelerated. This is because the present ageing generation of engines has been rendered increasingly expensive and inefficient by fuel cost increases of the past year or two, whereas the new generation of engines now on offer, such as the Rolls-Royce RB-211, the Pratt and Whitney JT-9D and the General Electric CF6 series, are all designed, especially in their latest versions, to improve fuel consumption by amounts up *to 30 per cent or more over the* engines they are intended to replace.

Beyond the immediate re-equipment tide that is now flowing, it is likely that there will be a demand in the mid-1980s *for another type of aircraft, the so-called Joint European Trans*port or JET, to replace existing ageing short-haul types of the 130 to 160-seater class, that are *not covered by the new 757, 767,* A-300 or A-310. This class of aircraft could run up to as many as 1,500 or more worth £15bn *to £20bn, of which the engine* element could well amount to as much as £5bn to £10bn.

Because this market has not yet developed, and the precise timing of it is uncertain, its value is not included in the estimates of market size already given. *But that it could emerge* is accepted as a real possibility in the airframe and engine industries, and they are already gearing to meet it.

Tides

But these re-equipment tides in the 1980s, taken together, could well be the last that the airframe and engine makers experience for the best part of the next 20 years. Probably not until the mid to late-1990s will there be any other demand for *airframes and engines matching* that of the next five years or so. This is not only because the heavy investments involved in the current orders will exhaust the airlines' spending potential for years, but also because the rising cost of fuel and increasing supply difficulties may well effect a revolution in engine and airframe design over the longer-term future.

Aircraft can fly probably just as well on liquid hydrogen, or on gasoline derived from coal, as on existing types of fuel, and it may well be that during the 1980s extensive development programmes will be started to change aviation over in the mid- to late 1990s to different types of fuel, requiring different forms of power-plant to burn them and different airframe shapes with which to carry the perhaps greater bulks of the new fuels.

Be that as it may—and *increasingly it is becoming* accepted as a possibility in the world's gas-turbine aero-engine industries—there can be no doubt as to the bitterness with which the battles for engine orders are now being fought. For the manufacturers know that if they fail to win a substantial share of the orders that will be available in the years immediately ahead, they could be out of the market in the later 1980s and beyond. Once the present round of orders is completed, there is likely to be little more than topping up of the fleets through the rest of the 1980s and 1990s, until the next major re-equipment tide begins to flow in the mid to late 1990s for the next century.

For the current and immediately impending struggle, Rolls-Royce is basing its strategy in the civil market on four basic lines of attack.

1—Continued development of the RB-211 engine in all its forms, from the biggest Dash 524 version of 53,000 lbs thrust, down to the Dash 22 of about *40,000 lbs and the Dash 535 of* 30,000 lbs-plus. The RB-211-524 is already used in the Boeing 747 and Lockheed-Dash 500 Tri-Star airliner, and development is foreseen up to about 60,000 lbs thrust if those aircraft themselves move into *bigger versions, as well they* might. The Dash 524 is now also under development in another version for the European A-300 and A-310 Airbuses. The Dash 22 is already used in the basic and other versions of the Tri-Star. The new Dash 535 is the engine, on which Rolls-Royce is setting much store for the future, is the launch engine for the new Boeing 757 twin-engined short-to-medium-haul airliner, which has been ordered both by British Airways and Eastern Airlines of the U.S.

2—Development of a new 16,000-18,000 lb thrust engine, the RB-432, intended as an eventual replacement for the existing Spey engine but also as a potential candidate for any eventual joint European transport in the 130-plus seat category. The development cost of this engine will be about £300m and recently the Japanese Government decided *in principle to join Rolls-Royce* in the RB-432 venture, subject to final negotiation of the detailed cost and work-sharing arrangements.

3—Development of a new 5,500 lb thrust engine, the RB-401, for business jet aircraft, to replace the ageing Viper; and

4—A new helicopter engine, the RB-321, coming forward in the mid-1980s for the new generation of civil helicopters now under development or mooted for that period.

These four basic series of *engines will be supported by* continued production for as long as is necessary of the civil Spey and Viper turbo-jets, and the Dart, Proteus and other turbo-propeller gas-turbine engines such as the Tyne, with continued further development of some of them, such as the Proteus, for industrial and marine uses outside aerospace (where the RB-211 engine is also now finding an increasing role).

Formidable

But the competition is formidable. Both Pratt and Whitney and General Electric have already won a substantial volume of business with their JT-9D and CF6 series engines in both the Boeing 747, and *McDonnell Douglas DC-10,* and in the Boeing 767 semi-wide-bodied jet, and in the A-300 European Airbus. General Electric in particular, with its CF6-32 version of the CF6, is also bidding strongly for a share of the engine market in the *smaller Boeing 757* airliner.

Pratt and Whitney, for example, the biggest aero-engine builder in the world, in the first half of this year sold 223 of its JT-9D engines to 16 U.S. and foreign airlines, worth $551m. The JT-9D family of engines spans *thrusts* between about 40,000 lbs up to 55,000 lbs, with further developments planned to higher power ratings. It is in service or on offer for every wide-bodied jet. The JT-9D family has now accumulated more than 26m flying hours in airline service, more than twice as many as any other wide-bodied aircraft engine. Since entering service in 1970, more *than 2,200 JT-9Ds* have been ordered by more than 50 airlines.

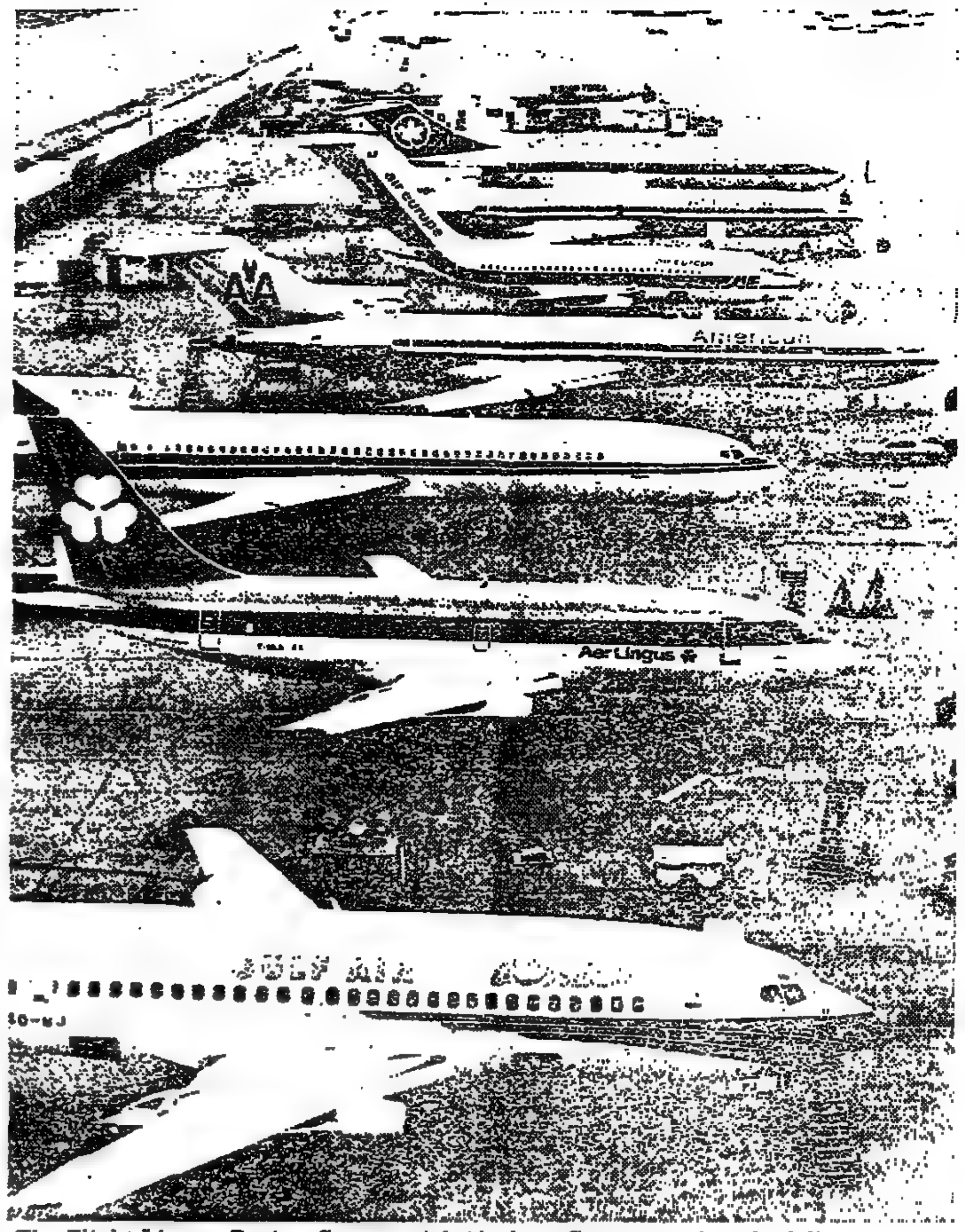
The smaller Pratt and Whitney JT-8D engine is probably the world's most successful jet engine, with 12 different models powering more than 3,400 jet *airliners, including the Boeing* 727 (the world's best-selling jet with over 1,700 sold), the Boeing 737, of which over 725 have been sold, and the McDonnell Douglas DC-9. Every day, the world's JT-8D-equipped airliner fleet carries more than 1m passengers.

So far, however, Pratt and Whitney seems to be lagging behind both Rolls-Royce and General Electric in the battle for the new Boeing 757 market. For whereas Rolls-Royce is offering the *Dash 535 version of the* RB-211 and General Electric has the CF6-32, Pratt and Whitney appears to be slower in developing its JT-10D engine of 36,000 lbs thrust. The company said earlier this summer that it was delaying certification of the engine while it reassessed the market for engines in the 25,000-38,000 lbs range, but that certain hardware work continued in association with MTU and Fiat.

In addition to all these engine developments, General Electric has teamed with Snecma of France to develop the CFM-56 engine, a 22,000 lb-plus power plant that has been widely selected to re-engine existing ageing Douglas DC-8 jet airliners, and which later this year is also to be test-flown in a Boeing 707, thereby perhaps opening a major market for re-engining that airliner *also.* The total business in this type of market has been estimated at up to 3,000 engines through the 1980s, worth well over $6bn.

In the forthcoming development of the smaller 130-160 seater aircraft, the so-called *Joint European Transport (JET),* the competition for the Rolls-Royce RB-432 is likely to come from Pratt and Whitney, with its Types 209 and 217, which are smaller versions of the already highly successful JT-8D engine. The 209 has a thrust rating of 18,500 lbs and the 217 a thrust of 20,000 lbs.

Also a contender in the JET market is likely to be the Snecma-GE CFM-56, which is also being offered in a "de-rated" version of about 18,000 lbs thrust. All of these engine designs are flexible—that is to say, they are capable of being adapted if necessary to meet the changing requirements of the airframe designers. The most vital point, however, is for the engine manufacturers to ensure that they are there, able to offer firm engine designs at the right time—the price of not being able to do so could be high in terms of missed market opportunities.



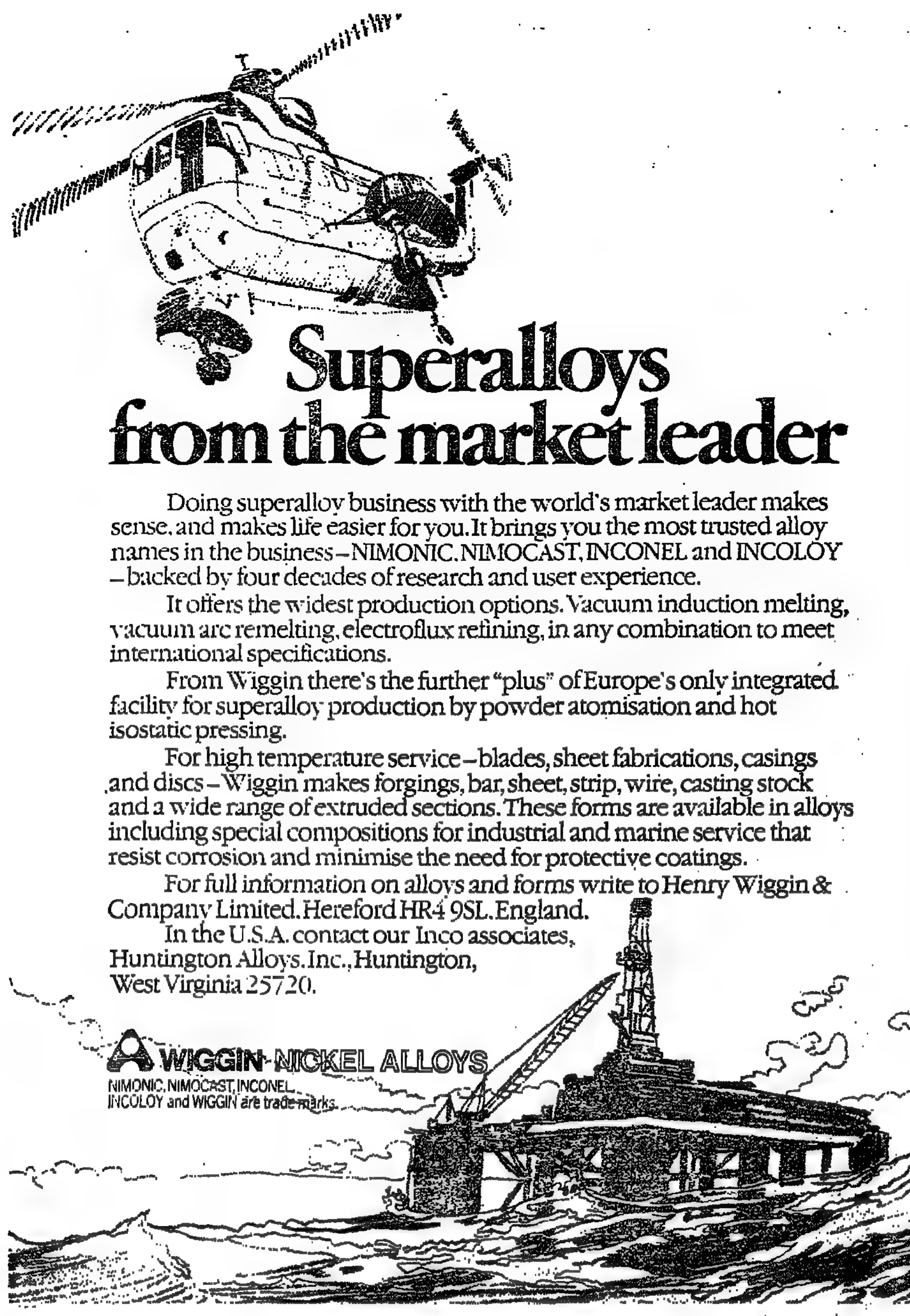
The Flight Line at Boeing Commercial Airplane Company's Seattle delivery centre, showing twin-engined 737s, three-engined 727s, and (in the background) a U.S. Air Force Airborne Warning and Control System (AWACS) aircraft. All these aircraft use various models of Pratt & Whitney jet engines.

Linch-pin

For this reason, Rolls-Royce will probably continue to need some Government funds for the development of the other new engines in its programme beyond the RB-211—such as the RB-432 and the RB-401. Hitherto, most of its resources have been devoted to developing the RB-211 family, which must remain the linch-pin around which its future success in civil engine markets must depend, especially with the Dash 535.

But the world aero-engine market is expanding, following the trends already evident in the widening range of civil aircraft already on offer in world markets. The development of "families" of engines in the RB-432/401 series could be just as vital to the UK company in the long run as the RB-211 has been over the past ten years and promises to continue to be through 1980s and beyond.

M.D.



World oil industry a major customer

THE GAS turbine business is an international business. Nowhere is this more apparent than in the sector below 10,000 horse power, where the leading British contender, Ruston Gas Turbines, has established a strong world position without the benefit of a significant home market. More than 95 per cent of the output from its Lincoln factory is exported.

By far the largest customer in this part of the business is the oil and gas industry which is itself highly international, though strongly influenced by American standards and operating experience. Even the North Sea, where Ruston has obtained some sizeable orders, is not a home market in the normal sense of the term; decisions on which gas turbines to use for an offshore platform in the North Sea are almost as likely to be taken in Houston as in London.

Displace

Ruston is now producing about 130 gas turbines a year. Fifteen years ago the figure was more like 8-10. This remarkable growth has occurred in ways which were not foreseen when the first gas turbines were designed in Lincoln just after the war. At that time Ruston Gas Turbines' predecessor company, Ruston and Hornsby, was a major producer of diesel engines and there was some anxiety that the gas turbine, developed successfully during the war for aircraft applications, might displace the diesel engine in some markets.

So in 1946 a team of engineers who had worked with Sir Frank Whittle on the jet engine, led by Mr. G. B. R. Feilden, began work on an industrial gas turbine. The first prototype was successfully tested in 1949 and the next year manufacturing facilities were set up for batch production of industrial gas turbines. The first orders were from the Air Ministry for three air transportable generating sets but it was not long before the attractions of the small gas turbine for oil field applications began to be appreciated. In 1952 Ruston received an order for a gas turbine-driven crude oil pumping set from the Kuwait Oil Company.

The gas turbine proved to be ideally suited for carrying out a number of functions in oil and gas fields, both offshore and onshore. It was reliable, it did not need cooling water, it required very little maintenance, it could run on the gas which was available on the site, and it was readily compatible with the type of equipment—generators, pumps and compressors—which it was required to drive. It is used for pumping, for gas compression, for water injection, for the reinjection of gas—particularly important as producers seek to avoid flaring off gas—and for pipeline applications.

For Ruston there was no domestic oil and gas market until the North Sea reserves were discovered and the company has had to seek domestic outlets in other sectors. Of the 1,200 engines which the company has sold some 93 have been used in what are called combined heat and power (CHP) applications, providing a factory with heat and power from a single gas turbine installation and achieving a thermal efficiency as high as 65-70 per cent. In the UK CHP contracts have included installations for John Player, Boots and the Singer factory at Clydebank. This business is certainly capable of further development, given competitive gas prices, but for the next few years at least the fortunes of Ruston Gas Turbines are mainly dependent on the international oil and gas industry.

To build the business Ruston has had to sell itself not only to the oil companies but to the consultants and contractors who influence decisions on procurement. It was for that reason that Ruston created first a selling operation and later a manufacturing base in Houston, Texas, sometimes regarded as the energy capital of the world. This decision was not only directed at the American domestic market (although Ruston has sold some 60 gas turbines in the U.S., including Alaska where the potential is considerable), but at all customers round the world who tend to be influenced by American oil companies and American consultants.

One of the most important international customers in recent years has been Pemex, the Mexican State oil company, which has placed substantial orders with Ruston — most recently a valuable order for 24 sets, one of the biggest in Ruston's history. There were 12 bidders for this order, four European and eight American, and the existence of the Houston facility played a major part in Ruston's success.

The main role of this facility is to produce the package which the customer requires. It takes a basic engine supplied from the Lincoln factory and fits to it peripheral items like air filters and the driven equipment (generators, pumps and compressors). Much of this equipment is sourced in the U.S. (or wherever the customer wants it) and the American content of a Ruston package supplied in the Western hemisphere may be as high as 50 per cent or more.

Makers of generators like GE and Westinghouse, pump manufacturers like Bingham, United and Byron Jackson, compressor manufacturers like Dresser Clark, Elliott, Ingersoll Rand and York—these equipment suppliers play an important role in the gas turbine business. They are banging on the customer's door persuading him to specify their equipment; in the case of Ruston's recent Pemex order, for example, the customer chose Dresser Clark compressors.

In most oil and gas installations the gas turbine supplier is the main contractor, although there are cases where the compressor maker plays this role. Some of Ruston's competitors, like Sulzer of Switzerland and Solar Turbines of the U.S., make their own compressors, but Ruston itself is free to work with whichever supplier of the driven equipment is specified for a particular contract. Ruston has, however, teamed up with one of the leading American compressor manufacturers, Elliott, to offer the "Phoenix" natural gas compressor package, with a Ruston TB 5000 gas turbine driving an Elliott compressor. Both companies market the package to the oil and gas industry and the equipment is designed for gas lift, gas-oil separation, natural gas liquids plants and gas gathering operations.

In Texaco's Tartan Field in the North Sea there are 13 Ruston gas turbines and the driven equipment includes Elliott compressors and Weir pumps. British Petroleum's Forties Field has 32 Ruston gas turbines. Twelve of them are fitted to GEC generators, twelve to Weir pumps and the other eight to Ingersoll Rand compressors.

The North Sea has been a valuable source of business for Ruston, but there is fierce competition for every order and not just from other European companies. Not surprisingly, Kongsberg of Norway has won a substantial share of the business in the Norwegian fields, while among the U.S.-owned companies Solar Turbines has proved to be a formidable competitor.

This company, a subsidiary of International Harvester since 1960, produced its first turbine in 1948; it was used as an auxiliary power unit for aircraft and to power portable pumps. The 1160 hp Saturn industrial gas turbine was introduced in 1957 and the 3830 hp Centaur in 1969. More than 4,000 of these two machines have been installed around the world, a third of them outside the U.S.

SOME MAJOR PRODUCERS
(Below 10,000 hp)

Ruston Gas Turbines	(UK subsidiary of GEC)
Kongsberg	(Norway)
Sulzer	(Switzerland)
Hispano Suiza	(France, subsidiary of Snecma)
Solar Turbines	(U.S., subsidiary of International Harvester)
Ingersoll Rand	(U.S.)
Dresser Clark	(U.S., subsidiary of Dresser Industries)
Avco Lycoming	(U.S., subsidiary of Avco Corporation)
Garrett	(U.S., subsidiary of The Signal Companies)
Detroit Diesel Allison	(U.S., subsidiary of General Motors)
Pratt and Whitney Canada	(subsidiary of United Technologies)

Note: In this size range Ingersoll Rand normally uses an Allison gas generator, Dresser Clark a Garrett gas generator.

Efficiency

Three years ago Solar moved significantly up the horse power range with the introduction of the 10,450 hp Mars, providing considerable improvements in fuel efficiency. One recent European order was from BEB Gewerkschaften on in Germany, which is installing two Mars gas compressor packages at the Rysum station near Emden; they will be used to transmit gas from the Ekofisk field into the distribution system.

Solar, which makes its own range of centrifugal compressors matched to the output and speed of the Saturn, Centaur and Mars engines, has won some sizeable business in the North Sea. In the Heather Field, for instance, where Union Oil is the operator, there are 14 Solar gas turbines driving generators, pumps and compressors. More recently the Danish underground consortium placed a much sought after order for ten Solar Centaur sets. This contract, believed to be worth around $25m, involves a full turnkey installation by Solar.

As the accompanying table shows, Solar is one of a number of U.S.-based manufacturers which are active in this sector of the market below 10,000 hp, while important European contenders include Sulzer, Kongsberg and Hispano Suiza of France. Although some of the gas turbines being offered are directly derived from engines which were designed to power small jet aircraft or helicopters, there is not the same distinction or rivalry between the heavy-duty and the aero-derivative designs as there is in the higher horse power ranges, discussed in a separate article in this survey.

All the manufacturers are striving to improve the power-to-weight ratio of their engines and to reduce the cost per horse-power; there is a continuing tendency for unit sizes to go up. At the same time the leading companies are engaged on development programmes to find alternative fuels to gas and distillates.

As for the market prospects, the industry has been hit by the virtual disappearance of Iranian business. There is concern over the reluctance of the leading OPEC countries to increase their oil and gas production, although there are hopes of useful business in such areas as Iraq, the Gulf and Algeria. Fortunately Mexico has taken up part of the slack. More generally it seems reasonable to assume that rising fuel costs will improve the economics of smaller fields, both onshore and offshore. A speed-up of exploration in these new areas should create plenty of opportunities for the manufacturers of gas turbines below 10,000 hp, since these machines are ideally suited to providing the power requirements of smaller fields.

Geoffrey Owen

The momentum of development

THE DEVELOPMENT of the gas-turbine engine in all its forms cannot stand still. The business worldwide is so intensely competitive that all the manufacturers have to maintain high levels of research into product improvement. In addition, the external pressures upon them, from soaring fossil-fuel costs and actual and impending shortages, as well as intensifying environmental pressures, are forcing an acceleration in the rate of technological change. The manufacturers must respond to these challenges or find themselves left further behind in the battle for world markets, and this must lead to increased cash investment in the industry in the years ahead.

This is especially so in the UK aero-engine industry, where despite the heavy investment already made in the various versions of the RB-211 engine, substantial additional funding will be require; soon to put the new RB-342 and RB-401 engines into full development to meet newly emerging airliner and executive jet markets that the RB-211 is not designed to reach. But in addition to these substantial sums, continuing funding at a smaller but no less significant level is required, so as to keep existing engine programmes up to date with rapidly changing technology and swiftly developing social forces and market trends.

Various other Rolls-Royce programmes now under way include the Quiet Engine Demonstrator (QED), the Advanced Core Engine Technology (ACET) programme, the High-Temperature Demonstrator Unit (HTDU), and the Life and Methods Design Programme, which is aimed at establishing the most accurate design methods possible to get the best engine performance.

The QED programme, which has been underway for several years, involves a wide range of tests on a full-scale RB-211 engine to establish methods of further quietening current and future versions of the engine. These include in turn the use of noise-absorbent linings and better methods of mixing the hot and cold exhaust gas flows from a large fan engine—a technique used on earlier low by-pass ratio engines such as the Spey and Conway but not so far applied to high by-pass ratio engines.

The HTDU is another long-running programme which has provided invaluable experience on the operation of engines at higher temperatures than those so far used in service. These and other developments will make a major contribution to technological experience, leading to the design of more advanced

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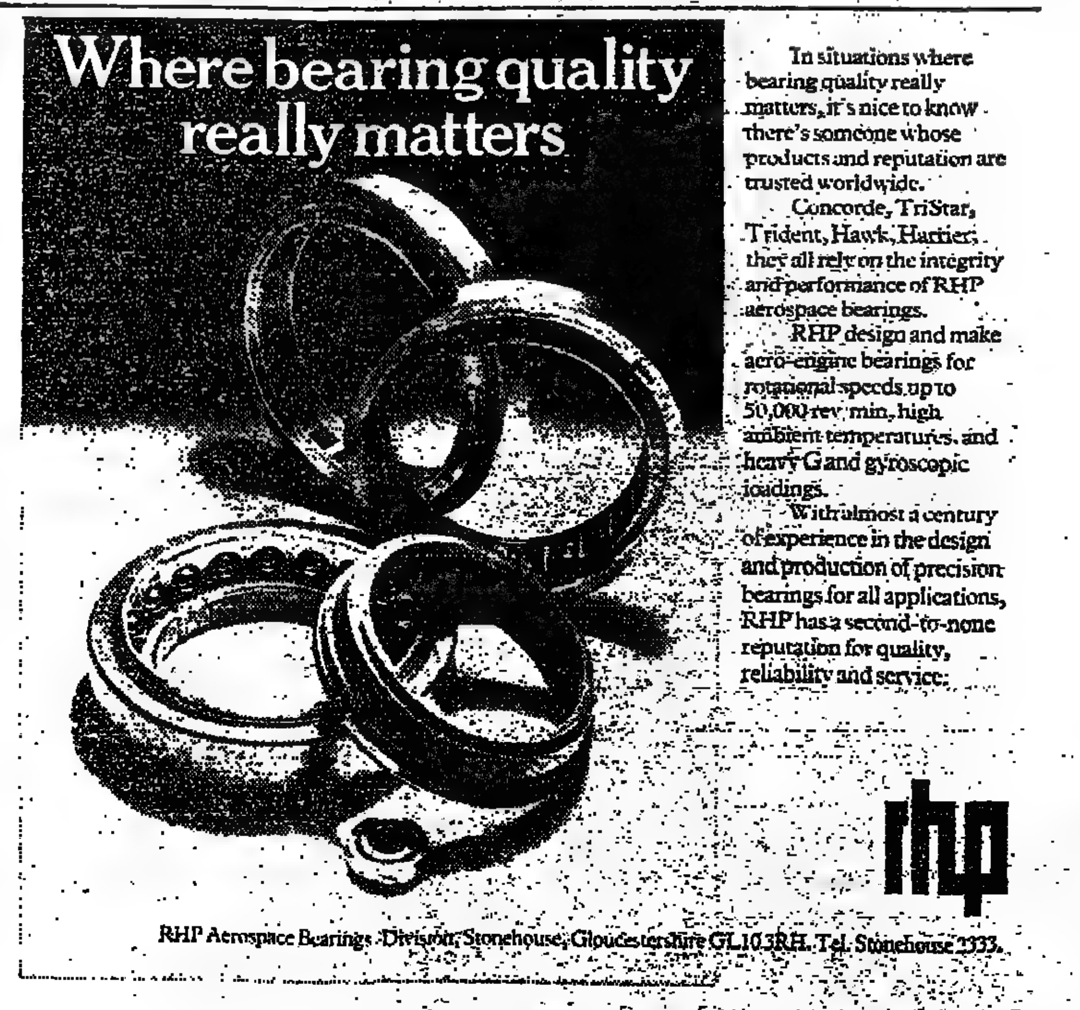


Heavy turbine contest

LAST MONTH, after an exceptionally fierce contest involving many of the world's leading gas turbine builders, General Electric of the U.S. (GE) won a $220m contract for the supply of 16 gas turbines and related equipment to the city of Riyadh in Saudi Arabia. Brown Boveri of Switzerland and Hitachi of Japan are the two companies which are believed to have come nearest to taking the business away from GE.

Although the order was for a 60-cycle supply system—which favoured the Americans and ruled out some of the Europeans—the intensity of the competition and the fact that GE won it illustrate two important aspects of the industrial gas turbine industry today.

First, there is too much capacity chasing too few orders. The U.S. market has been slack for the past three or four years, while some important customers in the Middle East—notably of course Iran—are buying fewer gas turbines or none at all. Most people in the industry think that demand is on a temporary plateau and that an upswing will come in a couple of years. Meanwhile there is a fight for every order and intense pressure on margins. A sign of the times is the recent decision by AEG-Kanis of Germany to cut back its gas turbine operations drastically.

Competitive

Secondly, the fall in the value of the dollar has made the U.S.-based manufacturers highly competitive, particularly against Japan, Germany and the UK. Another American company, United Technologies, won a big Saudi Arabian order last autumn for 33 gas turbines to be used on the new trans-Arabian pipeline.

GE's success in Riyadh points to a third characteristic of the industry which, though not new, continues to worry its rivals. This is that GE and its manufacturing associates (see Table 2 on the structure of the industry) account for at least half heavy duty industrial gas turbines installed in the world each year.

GE itself installed the first U.S. commercial power generation gas turbine in 1949 and since then has sold more than 1,500 units for electric utility service. Another 1,500 units have been sold in the pipeline industry, for industrial process drives, in industrial power generation and in offshore oil and gas platforms.

This powerful presence in the market is reinforced by the activities of GE's manufacturing associates. Although the associates compete against each other and against GE itself, they build gas turbines to GE's designs and they are required to obtain certain key components — the high-technology parts of the engine — from GE in the U.S. They pay no royalty or licence fee but their purchases provide GE with valuable economies of scale in the manufacture of these major components and help to support continued investment in research and development. The share of the world market held by the GE "family" has tended to increase in recent years.

The only UK-based GE manufacturing associate is John Brown Engineering, which has built a strong position in the world market. Most of its business has been in electricity generation and it has a turnkey contracting capability.

Five years ago John Brown won some very large contracts for pipeline applications in the Soviet Union and for a period output at the Clydebank factory was running at about 45 turbines a year. Since then the market has slackened and, with the trend towards fewer machines of larger size, the factory is now running at about 20 machines a year. One of its biggest orders has been for 18 gas turbines installed in the aluminium smelter at Bahrain. With a total output of 280 MW, this is the largest gas turbine installation of its type in the world.

Competition to the GE "family" comes on two fronts. First, there are the companies which, like GE, designed and developed their own heavy-duty industrial gas turbines after World War II. These include Westinghouse in the U.S., Kraftwerk Union (KWU) in Germany, Brown Boveri in Switzerland and Germany, Stal Laval in Sweden and GEC Gas Turbines in the UK (the other GEC subsidiary in this field, Ruston Gas Turbines, operates in a lower horse power range which constitutes almost a separate industry, discussed in a separate article).

TABLE 1. MAIN APPLICATIONS

ELECTRIC UTILITIES
Standby power
Peak lopping power
Base-load power

INDUSTRIAL POWER GENERATION
Use of gas turbines by factories to provide their own source of power independent of the grid, usually with waste heat recovery.

PIPELINES
Use of gas turbines coupled to pumps or compressors in oil and gas pipelines.

OIL AND GAS—OFFSHORE
Use of gas turbines to provide power on offshore platforms.

OIL AND GAS—ONSHORE
Pumping (oil or gas), reinjection.

MARINE
Aero-derivative gas turbine is favoured power plant for naval ships and for civilian applications where light weight and compactness are required, such as hovercraft.

The heavy-duty gas turbine, as the name suggests, is a rugged design, reflecting the companies' background as steam turbine manufacturers. In a number of applications it faces competition from the light-weight, aero-derived industrial gas turbine. In the higher horse power ranges this machine is based on a gas generator made by one of the three leading world aero-engine builders—United Technologies (the parent company of Pratt and Whitney), General Electric of the U.S., and Rolls-Royce in the UK.

These companies participate in the industry both as sub-contractors—supplying the gas generator to other companies for incorporation in a complete gas turbine package—and as main contractors, designing and selling their own packages. General Electric is the only one of the three which manufactures both heavy-duty and aircraft-type gas turbines; historically the aero-derivatives have been a relatively small part of its total industrial gas turbine business, although it is an important addition to its competitive strength.

The relative attractions of the aero-derivative and the heavy-duty gas turbine are illustrated in Table 3. While there are certain applications for which only one or the other is suitable, there is a wide area of overlap. Thus it was a notable coup for Rolls-Royce when, in 1976, the consortium of which it was a member won a £100m order for 42 gas turbine compressor sets from the Soviet Union. The sets are being installed as booster stations on a major Soviet gas pipeline. The significance of the order was that until then the Soviet Union had virtually standardised on heavy duty gas turbines for pipeline applications, supplied either by General Electric or one of its associates.

The consortium, called Coberrow, consisted of Rolls-Royce, which supplied the Avon gas generator, Cooper Energy Services, subsidiary of Cooper Industries of the U.S., providing the power turbine and the compressor, and Willbros (Overseas), subsidiary of Williams International Group, providing project management and engineering services. The outcome of the Soviet competition was in doubt until the very last moment, with General Electric of the U.S. and GEC Gas Turbines just pipped at the post.

It appears to have been its success in winning this large Soviet order which led Rolls-Royce and Cooper, two years later, to form a joint company to supply gas turbine compressor sets to the world oil and gas industry. Until that time Rolls-Royce had participated in what is sometimes called the mechanical drive market (gas turbines driving compressors or pumps), primarily as a sub-contractor. GEC Gas Turbines as main contractor, has been a major user of Rolls-Royce gas generators for mechanical drive applications. Other important customers include Cooper, Ingersoll Rand and Dresser Industries; these are American companies, although the first two have substantial manufacturing facilities in the UK. At about the time the new Cooper Rolls company was announced, Sulzer of Switzerland had just introduced a range of light-weight gas turbine compressor sets incorporating the Rolls-Royce Avon.

Rolls-Royce, whose industrial and marine division is based at Ansty, Coventry, argues that there was pressure from the end-users for the gas generator supplier to be more closely involved in the business than was possible in a sub-contractor role. The new association with Cooper would strengthen its position in the market and would certainly not preclude it from continuing to sell gas generators to main contractor customers such as GEC Gas Turbines and others. Cooper Rolls and other customers would be treated on an even-handed basis.

Another bone of contention had been Rolls-Royce's decision, a few years earlier, to establish itself as a main contractor for packaged gas turbine power stations. First the SK20, based on the Olympus engine, was sold to Saudi Arabia, Australia and elsewhere and more recently the SK30, also built round the Olympus, has been sold successfully for both offshore platform uses and utilities. The biggest overseas order is for four SK60s (the doubled-up version of the SK30) to be delivered to Egypt in the first quarter of 1981.

Rolls-Royce's industrial business is split in roughly equal proportions between marine applications (it has sold more gas turbines to the world's navies than any other manufacturer, with GE of the U.S. its nearest competitor), power generation and mechanical drive. An increasingly important part is being played by the second generation engines, the RB-211 and the Spey, which provide greatly improved thermal efficiency.

Soured

It is unfortunate that Rolls-Royce's decision to go its own way as a main contractor has soured relations to some extent with the UK's major independent gas turbine company, GEC Gas Turbines. Based at Whetstone, Leicester, GEC Gas Turbines started in the business thirty years ago with its own designs of heavy duty industrial gas turbines. When the aero-derivatives started gaining ground in the early 1960s GEC developed a close relationship with Rolls-Royce and has sold over 500 of its gas generators, both for power generation and for mechanical drive.

In the past few years, however, it became apparent to GEC Gas Turbines that for larger installations, where the customer wanted power in the 60-100-MW range, an arrangement based on, say, four gas generators driving two power turbines did not provide what was needed. In this part of the market GEC found itself losing orders to companies like Brown Boveri, KWU and Westinghouse which were offering their own designs of rugged, heavy-duty single-shaft machines. Thus GEC introduced its own single-shaft machine, the EM-610, which has proved successful. The most recent order was a £10m contract to supply two gas turbine sets for power generation to the city of Athens.

So GEC continues to have a strong position in both the heavy-duty and the aero-derivative sides of the business; in the latter it can now offer General Electric's second generation engine, the LM-5000 (the industrial version of the CF-6-50), although the bulk of its business remains with Rolls-Royce.

There will be a market for both types of machine and there are obviously advantages in having a foot in both camps. John Brown Engineering, which has been highly successful in selling heavy duty machines, recently extended its agreement with GE to cover the LM-2500 aeroderivative engine. But the big uncertainty, particularly after the latest increase in oil prices and the renewed stress on energy conservation, is how large the market will be and how fast it will grow.

In the power range above 10-MW the annual demand for gas turbines is thought to be running at around 13,000-MW per annum, with the U.S. domestic market accounting for about 2,000-MW or slightly less. The main applications for industrial gas turbines are set out in Table 1. Demand for gas turbines in pipelines and for oil and gas offshore installations should continue to grow as new producing areas (for example in China and Mexico) are discovered and developed. As for electric utilities, the main market will continue to be in developing countries where neither the demand pattern nor the infrastructure permits the construction of large electricity grids based on the steam turbine.

In the developed countries utilities have used gas turbines partly for standby power to provide emergency back-up capacity which can be brought on stream within a very few minutes of the breakdown in the main system. A second major outlet has been for peaking power, to provide additional power during those short periods of the day or year when there is an exceptionally heavy load on the system and it is not economic to provide the capacity in the main system.

Demand in both these applications should continue to grow, but the industry is hopeful that a new source of demand will stem from the development of combined cycle operations. This involves the linking together of gas and steam turbines in a way which uses the waste gas for additional power generation. Use of the combined cycle yields considerable improvements in thermal efficiency, to levels well in excess of 40 per cent. General Electric is working on designs of a new, very high temperature water-cooled gas turbine which in combined cycle applications would achieve thermal efficiencies approaching 55 per cent.

Geoffrey Owen

TABLE 2. SOME MAJOR MANUFACTURERS
(Above 10,000 hp.)

HEAVY DUTY GAS TURBINES

General Electric—U.S.
- GE Manufacturing Associates:
  - AEG-Kanis (Germany)
  - Thomassen (Holland)
  - John Brown Engineering (UK)
  - Kvaerner Brug (Norway)
  - Nuovo Pignone (Italy)
  - Hitachi (Japan)
  - Hitachi Shipbuilding and Engineering (Japan)
  - Mitsui Shipbuilding and Engineering (Japan)
- GE licensee:
  - Alsthom Atlantique (France)

Westinghouse (U.S.)
- Westinghouse licensees:
  - Fiat (Italy)
  - Mitsubishi (Japan)

GEC Gas Turbines (UK)
Kraftwerk Union (Germany)
Brown Boveri (Switzerland)
Stal Laval (Sweden)

AERO-DERIVATIVE GAS TURBINES

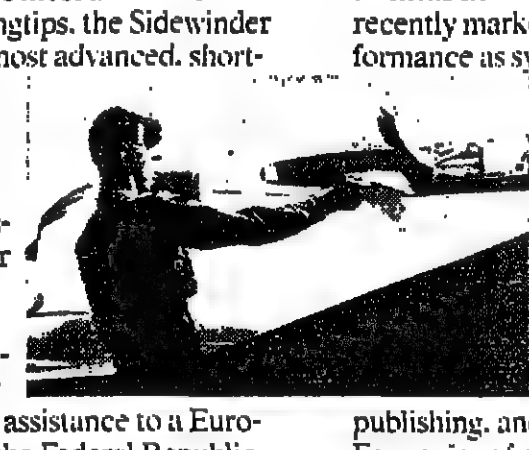
United Technologies (U.S.)*
General Electric (U.S.)*
Rolls-Royce (UK)*
GEC Gas Turbines (UK)
IHI (Japan)
Sulzer (Switzerland)
Stal Laval (Sweden)
Dresser Industries (U.S.)
Cooper Industries (U.S.)
Ingersoll Rand (U.S.)
Curtiss-Wright (U.S.)

* *These three companies take the jet engines which they manufacture for aircraft and* modify them for industrial use, as gas generators supplying hot gas to a power turbine. For some of their gas generators the three aero-engine builders design and make their own power turbine and take responsibility for the complete package. Others are supplied to outside companies, including those listed above, for incorporation into their own gas turbine packages, whether for electricity generation or for driving compressors or pumps.

TABLE 3: HEAVY-DUTY VERSUS AERO-DERIVATIVE

HEAVY-DUTY GAS TURBINE
The air compressor, combustion system and the turbine are part of an integral construction, arranged either on a single *shaft for constant speed (particularly for electricity generation* in the 25-125MW range, in base load and peak lopping applications) or in a two-shaft configuration for variable speed. These designs are rugged and totally reliable.

AERO-DERIVATIVE GAS TURBINE
This is a hybrid machine in which the gas generator (a modified version of an aero-engine) feeds a power turbine which produces shaft power. Because it can be started very quickly, it is suitable for stand-by and peak-lopping applications. Its high power-to-weight and power-to-space ratio makes it suitable for providing power on offshore oil and gas platforms and for naval craft like patrol boats.



Component specialists

SUPPLYING COMPONENTS to the gas turbine manufacturers is not a business for the faint-hearted. There are at least three factors which make this industry a peculiarly difficult and challenging one.

First, much of it involves highly specialised skills and technologies. Makers of such items as compressor blades, turbine discs and a variety of other cast, forged and fabricated components have to master the art of manipulating high-alloy materials in ways which are well in advance of conventional mechanical engineering. Since the technologies are continuing to move ahead, there is unrelenting pressure for investment in new equipment to stay ahead of the game.

The customers are small in number and exceptionally demanding. They have the ability to fill at least part of their requirements for key components internally. It is that competition, rather than the threat of new companies coming into the business, which keeps the component suppliers on their toes.

Secondly, it is an international business. The major gas turbine manufacturers naturally prefer to source the bulk of their component supplies in their home country but there are several reasons why they are obliged to look more widely. The number of companies in the world which are capable of forging, say, the compressor and turbine discs for the new generation of large aero-engines, using nickel-base super-alloys or titanium, is probably not more than half-a-dozen. For reasons of security, and to make use of the skills and capacity which are available, the gas turbine manufacturers tend to spread their orders among the suppliers qualified to do the work.

Rolls-Royce's major component suppliers include UK-based companies like Lucas Aerospace, Dowty, Cameron Iron Works, Daniel Doncaster, Associated Engineering and Short Brothers, but an important role is also played by American and Continental companies. Among them are TRW and Ex-cell-O for blade machining, Ladish and Wyman Gordon for major forgings, Garrett AiResearch for various accessories including thrust reversers and turbine starters, and Thyssen of West Germany for precision castings and forgings.

Thirdly, the industry is extremely cyclical. On the areo-engine side, especially as far as thte big jets are concerned, it often seems to be a case of feast or famine. Either the world's airlines are buying nothing or they are going through an orgy of re-equipment which puts considerable strain on the gas turbine manufacturers and their component suppliers.

In theory the demand for land-based applications should provide a steadying influence but this side of the business, too, has its ups and downs. The fact that much of it comes from developing countries whose political and economic prospects are unpredictable adds to the excitement; the virtual disappearance of the Iranian market in the past year is one illustration.

At present the component industry is very busy as it gears up for the re-equipment programmes getting under way in the world airline industry. Unless the latest oil-price rise puts a totally unexpected brake on the airlines' plans, demand should continue at a high level for at least another two or three years. The production rate of the Rolls-Royce RB-211, for example, is scheduled to rise at a spectacular pace and the big American engine builders are in a similar position.

Scramble

The result is something of a scramble for machining capacity. Most of the component makers are working flat out and supplies of some of the alloy steels and other special metals which the industry needs are tight. Companies in the Johnson Firth Brown group, for example, one of the leading suppliers of forged and rolled alloy steel to the areo-engine makers, are very busy: delivery dates on some products are stretching into the middle of next year.

Several companies are going ahead with major expansion plans. For example, Doncasters Blaenavon, the Daniel Doncaster subsidiary which is one of the leaders in the forging of ring components for gas turbines, recently announced a £3m expansion of its forging, machining and heat treatment facilities. This is to meet the requiremnts of the RB 211, the RB 199 and other high technology gas turbines now under development. Doncasters Blaenavon's range covers nickel-base, titanium, aluminium alloys, stainless steel and other non-ferous alloys. Another company in the group, Doncasters Monk Bridge, a leading producer of blade forgings, is investing in a new facility for the production of turbine and compressor discs.

Burnley Engineering, a Laird Group subsidiary which is an important supplier of fabricated assemblies to Rolls-Royce and other engine builders, is investing on a similar scale and taking on new employees to cope with the anticipated expansion of business. The equipment being ordered includes new heat treatment facilities, numerically controlled machining centres and electron beam welders—all major and expensive items of capital plant.

The gas turbine builders are particularly dependent on a reliable supply of precision forgings and castings. Cameron Iron Works, one of the leading American forgemasters based in Houston, built its factory in Livingstone, Scotland, initially to make turbine discs, shafts and other components for the Olympus engine in the Concorde. This factory is now a major supplier of forgings for the RB 211. All these components are made from nickel-base superalloys and include the largest pieces to be forged in these difficult alloys anywhere in the world. Cameron also makes a different type of forging, a large titanium alloy engine mounting bracket for the RB 211, as well as critical components for the Spey and other Rolls-Royce engines.

On the casting side AE Turbine Components (AETC), a subsidiary of Associated Engineering, is one of the principal suppliers of precision cast and fully machined compressor blades, turbine blades and nozzle guide vanes for the gas turbine industry. AETC probably has the largest integrated facility of this kind outside the engine builders themselves and it has been a leader in the move away from wrought airfoil components towards precision casting.

An important competitor in the field of precision casting is Howmet Turbine Components, a subsidiary of Howmet in the U.S. which in turn is owned by the French metals group, Pechiney Ugine Kuhlmann. This company has manufacturing facilities in the UK (at Exeter) as well as in the U.S., and it recently acquired control of France's leading producer of investment castings.

Pechiney's involvement in the gas turbine business through Howmet Turbine Components illustrates the importance of the special metals which are required in many of the key components. Pechiney is a leading producer of aluminium and ferro-alloys and the largest fabricator of copper in Europe; it is also a major producer of stainless and other special steels. With this background, forward integration into the fabrication of components from these metals is a natural development.

Similarly INCO, the world's largest nickel producer, has an important position in the gas turbine industry. One of its UK subsidiaries, Henry Wiggin, produces NIMONIC and other nickel alloys which are used extensively by the gas turbine builders and their component suppliers. One of its important UK customers is Daniel Doncaster, which itself became a subsidiary of INCO in 1975.

Recent investments at Wiggin's Hereford plant have included new vacuum induction and vacuum arc melting furnaces. Equipment has also been installed for the manufacture of powder-produced alloys. One such alloy, known as Alloy APK 1, has improved purity and homogeneity and has properties superior to alloys melted by conventional techniques. This type of development offers the prospect of gas turbines which can operate at higher temperatures and higher efficiency.

In titanium UK-based gas turbine builders have been mainly dependent on ICI's plant on Teesside, which supplies titanium granules to IMI for converison into billet and rod; the semi-finished metal is then supplied either to the gas turbine builder or to a designated sub-contractor for the manufacture of the finished component. The ICI plant has a limited future and proposals have been put forward for a new plant in which the National Enterprise Board, Rolls-Royce and IMI would be partners. The argument is that both for strategic and commercial reasons it would be unwise for the UK to make itself wholly dependent on imported titanium and that Government financial support is justified.

For most component suppliers, however, a prospective shortage of titanium is a less pressing problem than the need to keep up with demand. Investment to increase capacity is essential in many sectors of the business and the financial strain involved in large-scale re-equipment is considerable. There are of course a number of large companies in the industry which have the financial resources to cope with these strains. Quite apart from the big groups like INCO and Pechiney, the leading suppliers include some of the major engineering companies like Dowty, Lucas, Associated Engineering, GKN, Hawker Siddeley and IMI. But the smaller companies face special problems.

While their current level of profitability may be good, the business is thirsty for cash. Some of these companies may take the opportunity of the present surge in business to sell out to groups with a wider spread of interests. This certainly does not spell the end of the specialist sub-contractor or necessarily a reduction in competition but it may be that as technology continues to advance the financial, technical and commercial risks of supplying components to the gas turbine industry will tend to become greater.

G.O.

Development

CONTINUED FROM PAGE IV

components for future RB-211s.

In the longer term there is now a growing belief in some section of the aircraft manufacturing industry that airliners will not be able to depend for ever on continued use of fossil fuels, and that alternative fuel sources will have to be found. Lockheed-California Company of the U.S. is one of these, and has been working for some time on the development of hydrogen-fuelled airliners.

Intensive studies conducted by Mr. G. Daniel Brewer, the manager, hydrogen programmes for the company, indicate that the use of liquid hydrogen as an aircraft fuel could have many positive advantages, such as a reduced gross weight, reduced engine noise, substantially reduced engine pollution, equal safety with conventionally-fuelled airliners, longer engine life because of less maintenance, and lighter, less costly aircraft. Moreover, hydrogen is comparatively easily produced from coal and/or water using any energy source. Because of all these advantages, Mr. Brewer believes that the outlook for the use of hydrogen as an aircraft fuel is bright.

But he accepts that much development must take place before commercial aircraft can be flown with liquid hydrogen, and that this development needs to be undertaken as an immediate, high-priority programme. Among the areas to be studied is that of developing and constructing the large-scale facilities for manufacturing and liquefying hydrogen, and for maintaining and fuelling aircraft with it at selected major air terminals.

Lockheed, therefore, is proposing that an experimental airline be set up, under international government sponsorship, for a period of two years, probably in the 1980s. The airline would use four liquid hydrogen-fuelled wide-bodied aircraft, such as TriStars, to carry commercial cargo on a regularly scheduled basis between the U.S., Western Europe and the Middle East. Four major cities would be selected as principal operating terminals—Mr. Brewer suggests Pittsburgh, Pennsylvania; Frankfurt, Germany; Riyadh, Saudi Arabia, and Birmingham, England. These airports would be provided with facilities to service the aircraft with over 18 tonnes of liquid hydrogen per day. Each country would be free to use its own processes for the development and storage of the liquid hydrogen.

This programme, which would cost several hundred million dollars, would establish the technical feasibility and efficiency of advanced processes for manufacturing and liquefying hydrogen; provide experience in the use of this fuel; focus world attention on the advantages to be derived from using it; help to promote public confidence in the safety of large-scale hydrogen storage and handling, both on the ground and in the air; and help to overcome resistance to change through the use of a new fuel in an established, mature industry.

Mr. Brewer estimates that the cost of building and modifying four TriStars for liquid hydrogen would be about $470m. The engine development—converting existing wide-bodied jet engines to burn the different fuel—would be about $56m, together with another $36m for production of 12 engines and spares. Facilities for making and storing the liquid hydrogen in the U.S. would cost some $85m, a total of $647m. These are the costs to be borne by the U.S. Each of the four countries in which operating terminals are located would be expected to fund the development of their own facilities for the experiment, estimated at about $100m each.

M.D.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

A case of back to first principles

How Rolls-Royce is sharing a secret of Japanese success

BY JASON CRISP

IT HAS probably not escaped your notice that 10 or 15 years ago most Japanese goods were viewed as little more than cheap Oriental tat both of dubious quality and reliability, yet today almost the exact reverse is true. *In a remarkably short time the* reputation of Japanese goods has been transformed—increasingly it is the Japanese who are setting the standards of quality and *reliability*, in *markets around* the world.

Nor, probably, has it escaped your notice that it was not so long ago that "Made in Britain" was a *copper - bottomed* guarantee of quality: now, you want to know just *who* made it in Britain.

There is a growing, if somewhat belated, awareness in the West of just how crucial quality is as a selling point. In the U.S., for example, companies have been startled to find higher priced Japanese products storming their home markets and are increasingly keen to improve their own quality performance.

But how? Surely the Japanese succeed in this field because the workers are dedicated and diligent workaholics, whereas *the British—and for that matter* American—workers are obdurate, slothful and workshy? However, those Japanese companies which actually manufacture in Britain and the U.S. obtain standards of quality similar to those at home by using local labour. This implies that the problem lies with management and not with the workers.

That said, it should be added that quality has for a long time been recognised in Japan as being *very important*.

Also, on a company level, it is common for everyone, from the very top to the very bottom, to receive training in quality control as part of *what is called* CWQC—company-wide quality control.

One part of CWQC is often quality control circles. These are small groups of workers led by a foreman who takes a very large responsibility for quality control in each department. In Japan there are around 1m QC circles in which there are about 10m workers, according to Professor Kaora Ishikawa, president of Musashai Institute of Technology and chief advocate of QC circles.

The QC circle is the prime agent for quality control and its role is continuous. It is in direct contrast with practice in the UK and other Western countries where quality control is in the hands of the specialist *quality control engineer*.

Considerable claims *are made for QC circles*. *David Hutchins*, a management consultant who hopes to evangelise the concept in this country, says they are not only very effective in improving *quality but also result in greater* involvement and commitment by the workforce.

Ishikawa and Hutchins believe that many of the problems of industry in the West lie with our continuing use of the Taylor principles of "scientific" management, which were established by Frederick Taylor, an American, in 1910.

Literate

Their basic criticism of scientific management is that it treats workers as the extension of their machines and downgrades the foreman in favour of a number of specialist functions. And, they add, it is particularly inapplicable where the workforce is skilled and literate.

Professor Ishikawa recently wrote: "If Japanese operators with advanced knowledge of both technology and culture were obliged to work under the Taylor system without encouragement of voluntary will and creative initiative, they would lose much of their interest in work itself.

"The natural outcome would be: labour efficiency would decline markedly; there would be no will to make good products in the labour force; absenteeism would increase; labour turnover would increase critically."

Britain, too, has an educated workforce and a much longer tradition of skills than Japan, yet how many companies facing the symptoms described above believe they are the "natural outcome" of the way they are managed?

There is, of course, considerable room for scepticism as to whether something which has been successful in Japan could also be so in the West. After all, look at the culture difference. For a start the Japanese approach to human relations is based on *harmony*. And in Japan, a homogenous culture anyway, there is a much *stronger and paternalistic* relationship between company and worker; in Britain it is largely a contractual relationship.

So QC circles could probably be put on one side as a mildly interesting idea which is rather unsuitable were it not for a successful experiment being conducted in Rolls-Royce in Britain.

What has been introduced at Rolls-Royce Aero division in Derby is not exactly QC circles but something very similar, individually developed and all the more interesting for having been designed for the British culture. Rolls-Royce's QC groups, as it prefers to call them, have been devised by Jim Rooney, the quality engineering manager at Derby.

The linchpin of the QC group at Rolls-Royce—as indeed it is in the Japanese QC circles—is the foreman or shop floor supervisor; it is he who chooses the group and he who leads it. But the actual initial formation of the group is as important: "I don't want either the foremen to feel shanghaied nor the operators to feel as if they have been dragged in by the scruff of their necks," says Rooney.

Two particular factors took Rooney along the road towards introducing QC groups. One was the gradual reduction of skilled workers: the other, and more important, was the feeling that *the new workers did not* identify with Royces, as it is known in Derby, like they did in "the good old days." He recognised that there was, all the same, a willingness *to help* with problem solving on the shopfloor and that what was needed was to give the workers the means and the tools by which they could help.

A typical QC group at Rolls-Royce consists of between eight and 10 people and comprises the foreman, production engineer, quality engineer, operators, inspectors and setters, all from the same workshop. Potential members of a QC *group are simply told that one* is being formed and are invited to attend, which they always do. And no one has yet asked Rooney, "What's in it for me?"

First the group is taught some basic statistical analysis and problem solving techniques; this is done over a period of six *weeks by a tutor from a local* college. They are taught how to use such tools as the Pareto chart, statistical sampling, cause and effect diagrams and pre-*control charts. And at the same* time they learn how to work together as a group.

Once trained, the group *analyses where its single biggest* problem is in terms of quality. It then attacks the problem as a specific project. The first projects tend to be those of control, such as reducing operator controllable defects, but as the group gets more experienced it may be dealing with parts of the company outside its immediate area.

Rooney cites one instance where a QC group isolated a particular design problem and *made a full presentation of the* problem to the designer who, says Rooney, was tremendously impressed. Jointly they were able to solve the difficulty. Result: the design function becomes closer to production and better understands its problems.

Some groups have begun to tackle problems that go beyond *that of quality control*. One, *for* instance, has found ways to improve tool-setting times.

Savings from projects vary greatly; one saved £70,000, another £1,600. Compared with Rolls-Royce's turnover these are of course very small but, as Rooney points out, in quality it is a matter of reducing losses of 1 per cent to three-quarters of 1 per cent.

There are now 23 groups at Derby; the target is 35 by the end of the year and they are now also being introduced at three other Rolls-Royce factories and even among some of its suppliers.

Jim Rooney's groups do differ from Japanese QC circles. Whereas in Japan the circles have only subordinates to the foreman, reflecting the strong *vertical structure within com*panies, the QC groups have a more lateral emphasis in that they include the relevant specialists essential to quality control as practised in the U.K.

The claims for QC groups at Rolls-Royce will make them appear seductive to other companies. Where they have been introduced they have achieved sought-after improvements in quality and the subsequent savings in costs. But added to *that has been the much greater* enthusiasm and identification with the company, claims Rooney. The groups have been welcomed by management and unions alike and some parts of the workforce have been asking for QC groups to be set up in their area as soon as possible.

An instant medicine? No, because these groups have been introduced slowly and with meticulous care by Rooney, who has carefully won the confidence of production managers, foremen and workforce rather than imposing it ex cathedra.

Jim Rooney and Professor Ishikawa will be speaking at a conference on QC circles in London, September 10-12. Details from Executant, telephone High Wycombe 33171.

David Freud compares executive perks world-wide and finds UK companies top the league

Britain still way beyond the fringe

BRITISH COMPANIES appear to lead the developed world in the provision of fringe benefits to employees.

The *most widespread benefit* is the company car, which the Inland Revenue in a recent consultative paper estimated to make up 80 per cent of total benefits. Some 70 per cent of all car sales are now to companies.

The Revenue's new proposals to increase income tax on employees using company cars for private motoring represents an attempt to bring the UK more into line with international practice on benefits.

In most other developed countries, employees are taxed directly on the benefit of the private mileage in a company car. This is usually done by establishing the proportion of private to total mileage and assessing the benefit as this proportion of the overall standing charge and running cost of the car.

This approach was used in the UK up to 1976. By then, however, the number of company cars was growing so fast that the Government introduced a standard scale of benefit for administrative simplicity.

Company cars

The Government believes a reduction in the present tax advantages in the provision of company cars could bring their numbers down closer to those *in other countries. Comparative* figures compiled by the research organisation Imbucon show that in the UK about 80 per cent of senior management—including chief executives, deputies and heads of function—use company cars.

In Belgium and the Nether*lands the comparable figure* is about 50 per cent, while in France it is between 40 and 45 per cent.

Lower down the scale about 35 per cent of senior managers in Italy and France had company cars, and 30 per cent in Switzerland and Spain.

By comparison, there are few company cars in the U.S., Canada, Australia and the Scandinavian countries. Under U.S. *legislation the fair market value* of the benefit is added onto salaries for the purposes of deducting tax.

Australia also uses this system, although in 1974 it introduced a "standby value" similar to the UK scale of benefit for taxing company cars. However, this legislation was repealed before it came into effect.

Ireland also tried using special rules to make it administratively *more simple to tax* the value of the benefit. For two financial years—1976/77 and 1977/78—those using company cars were taxed on a scale benefit of £300 a year or 15 per cent of the car's purchase price, whichever was the greater.

In Canada the private use *of company cars is charged on* a sliding scale, rising from a minimum of 12 per cent of its capital cost.

In Australia less expensive cars are assessed at an annual rate of 12 per cent of the capital cost, while the more expensive ones are assessed at a swingeing 24 per cent.

In West Germany and France the private mileage proportion is used. In South Africa the position is in *a* state of flux. The Inland Revenue goes to employers for an estimate of the annual benefit. This is accepted at the lower levels *and becomes a matter of nego*tiation above these.

However, the Standing Commission on Taxation has just published a paper recommending widespread changes—for the treatment of company cars as well as other fringe benefits.

Among the benefits dealt with are cheap housing loans, and bursaries for students. The Commission's paper comes nine years after the Franszen Commission recommendations on curbing fringe benefits, on which so far the Government has failed to act.

Quite apart from company cars, the UK also tends to make more use of other types of fringe benefit. Luncheon vouchers are tax-free in Britain, as are "*representative occupations*," or the benefit of houses tied to a particular job. This is close to the position in the U.S., where meals taken on the business *of employers* are not taxable, as well as the position of representative occupations.

Germany allows luncheon vouchers and untaxed beer and cigarettes for workers in those specific industries, in much the same way as UK miners are allowed tax-free coal. But a stricter attitude is taken in France, where meals and representative occupations are fully taxed.

More important than these is *the area of pensions and health* and life insurance. Company contribution to life insurance is popular in several European countries, notably the UK, Belgium, France and Spain.

Generous

The usual practice is for employer's costs to be allowed as part of expenditure and for employee's contributions to be removed from taxable income. Major *complications to the tax* treatment in Germany means the practice is rare.

European state pension schemes tend to be much more generous *than the UK state* scheme, and accordingly private pension arrangements are less usual.

However, there is wide use of health insurance. Private insurance is popular in the Netherlands and the UK, while in France companies often arrange to cover the 20 per cent of health costs payable by the individual as opposed to the state. But health schemes are uncommon in Germany, Spain, Switz*erland* and *Italy*.

The U.S. lags behind Europe in the company provision of these pension and insurance benefits, although there has been a rapid increase in recent years. Americans tends to place more reliance on incentive schemes than perks.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● HANDLING

Makes it easier to deliver the goods

A LOAD which is more easily delivered to retail customers, and cost savings of some £30,000 a year on materials handling, follows the introduction of stretch wrapping combined with a conveyor system and the use of cardboard base trays at the Swinton factory of Hotpoint.

Morphy Richards domestic appliances such as electric toasters and irons are made there.

Prior to despatch to shops and warehouses, the irons are shrink overwrapped into batches of six and then made up into pallet loads containing eight collated packs or batches while the toasters are packed in cardboard containers or outers which are made up into pallet loads of four outers.

Both irons and toasters are then wrapped on 22 sq in cardboard base trays by Timperley Engineering's T2000 Rotarap stretch wrapper.

Before the introduction of the new system, Hotpoint used wooden pallets, with the contents protected within a polythene hood. This was shrunk to fit in an oven, the pallets passing through the oven on a conveyor, but otherwise moved around by fork lift truck.

After the evaluation of a number of systems it was decided to install a conveyor which would carry products right through the wrapping processes and into the live storage area from where they could then be transferred by fork lift for despatch. The system chosen was the semi-automatic Econoroll, manufactured by Conveyor *Manufacturers of* Wednesbury and supplied and installed by P and R Mechanical Handling of Caerphilly.

At the same time is was decided to eliminate the energy-intensive second shrink-wrapping phase as oven running costs were something like £50 a week. This was achieved by the Rotarap, supplied with roller conveyors fixed to the turntable and aligning with the Econoroll infeed and outfeed conveyors.

The stretch wrapper has fully automatic, programmable controls with an "electronic eye" which adjusts the amount of wrapping to the height of the *load. Consequently, polythene* stretch film is wound round with predetermined overlaps and in the required quantity, so that the load is well secured. The film is pretensioned by the Rotarap's precise tensioning system which ensures the maximum degree of stretch, reducing film usage and achieving a firm binding action.

Timperley Engineering, Park Road, Timperley, Altrincham, Cheshire, WA14 5QJ.

Lifts reels from floor

PROMISING TO increase productivity and conform to the specialised safety requirements of the paper and film converting industries is a single spindle, self-loading, unwind machine introduced by Bone Markham, Manor Farm Road, Wembley, London (01-997 9555).

It is the first of a new series of standard and rewind units for any reel to reel application and is said to have a number of features usually found in more expensive machines.

These include: self contained tension control by means of a pneumatic load sensing device mounted under an idler roll at the exit of the unwind stand; hydraulically operated sidelay facility with manual or automatic operation; ability to lift direct from floor level reels from 1,000 mm/1,500 mm diameter to 450 mm diameter, without recourse to hoists or floor lifting devices; and all control functions grouped on a desk, pedestal mounted from the base frame and easily accessible from the reel loading position.

● HYDRAULICS

Improves pump life

IMPROVED lubricating characteristics and better pump life are claimed to result from the use of a new fire-resistant hydraulic fluid, introduced by Isaac Bently and Co., Naylor Street, Liverpool (01 250 2530).

Particular applications for Erifon 410 are in the pressure diecasting, steel and plastic injection moulding industries, but it is also said to be suitable for furnace operating systems and extruding presses.

● AGRICULTURE

Less paperwork on the farm

SMALLEST FARM which is using the Hewlett-Packard based Farmfax automated herd and arable control system covers 150 acres supporting a 90-cow dairy herd.

Developers of the system, who are the first to admit that it is not the only one on offer to the farming community, say that HP equipment was selected primarily because of its extremely high reliability record coupled with an excellent support network in the UK, Europe and elsewhere.

Software packages developed for Farmfax are unique to Britain and there is growing interest in them and the HP *systems on which they run from* Europe, the Soviet Union and Latin America.

One of the greatest boons such a package offers the farmer, farm manager or accountant is a very sharp reduction in the amount of paperwork which has to be handled. Of equal importance is the fact that once the basic farm data has been entered into memory, it can be manipulated in many ways to throw up trends and important historical details that would be either impossible or *extremely time-consuming* and this is uneconomic to do by manual methods.

This can mean, in dairy farming for instance, all the difference between profitable running and a loss since in the dairying package, there is a "prompt" list of actions to be taken that are of prime importance in maintaining optimum *yield*. With this goes a listing of cows where yield has deviated outside set limits, calving index, etc.

Another program gives food totals fed and food prices as well as extremely detailed tables of herd status and costing.

Reports to official bodies are far easier to prepare since they *require little more than giving* the appropriate instructions through the keyboard.

Apart from the dairying package there is one for arable, and an accounting package, while a pig herd management package is at the moment in preparation with availability towards the end of the year.

Training to use the equipment is relatively simple and brief and some existing users are already offering local bureau services to other farmers.

Farmfax, Houghton Down, Stockbridge, Hants. Stockbridge 824 or Winchester (0962) 69368.

Will spread it widely

DESIGNED SPECIFICALLY for use with the Mercedes-Benz tractor unit, to be operated from within the tractor cab, is a demountable sprayer unit from L. and H. Fertilisers, Wigford House, Brayford Pool, Lincoln (0522 37561).

Called the M.B. Trac 1500, it is fitted with electric spray controls and hydraulically-operated height adjustment and boom folding.

When the 12-metre boom *is* pivoted, the sprayer is able to follow the terrain automatically and a unique double filtration *system is said to almost totally* eliminate blocked jets in the twin spray lines.

A six-cylinder pump drawing 38 gallons a minute runs the liquid system and draws from a rotationally moulded 1,500-litre tank.

● QUALITY CONTROL

Heat tests where needed

SHARETREE of Stroud, designer and builder of the Parametron range of electronic instruments and the Declan range of burn-in and *life-test* equipment, has introduced a burn-in and heat-soak room system for large equipment.

The room is built up from modular panels and may be quickly assembled and subsequently dismantled, if necessary, in any suitably enclosed area with access to mains power.

Principal advantages are those of being able to create large volumes of temperature-controlled space from standard components with considerable flexibility regarding future expansion or re-siting. In some applications it would be possible to erect the room on an as required basis, as the modular panels are assembled with quick-release catches.

Basic units of enclosed space available with the system are 2 ft wide x 7 ft 6 in high x width depending on which of three standard lengths of roof panel are used. These are 6, 8 or 10 ft long. Any multiple of these three units can be constructed as a single temperature controlled room by the use of further wall and roof panels. *A standard door panel 4ft wide* can be fitted into any convenient section of the room.

Panels are supplied to include the heating and temperature control unit, a window, or as plain fillers. Panels including doors are twice the standard width. The basic construction of all panels is a 2 in mineral wool core compacted in steel cladding, finished with a heat resistant paint and fitted with quick release latches for easy *assembly. Roof panels are* of similar construction but filled with 1 in material.

The heating and control unit for the system provides up to *4 kW heat* for forced circulation by the unit's induction motor fan, rated at 600 cu ft/min in associated ducting. Temperature control is through a single turn proportional band controller with over temperature cut-out.

Sharetree, 70 Westward Road, Stroud, Gloucs GL5 4JA. 04536 2006.

● MATERIALS

Keeps heat in building

ANNUAL savings of 5,800 therms—say around £6,000—are claimed by Dowty Mining Equipment as a direct result of insulating the roof of their *42,000 sq ft No. 3 factory near* Tewkesbury. The entire project was completed without disruption to factory operations.

During an energy survey *carried out by Dowty works* engineers, it was decided that a major insulation programme could have significant benefits. Firstly, it would have an acceptable payback period because the output of one boiler was being wasted through the unlined roof of the building. Secondly, during a period of expansion, the energy thus saved could be used as process heating for a new electro-plating complex, avoiding high capital outlay for new boiler plant and releasing space for laboratory and office expansion.

No. 3 factory is a former hangar of 42,000 square feet, which has an unlined, pitched asbestos roof.

Boddy Moir (Roofs and Ceilings) was called in to discuss and advise on the materials and methods to be used. The final choice was Plaschem Aeroliner, white colour-coated, foil backed insulating board as an under purlin roof lining. This was chosen because of its high insulation properties coupled with appearance and light-weight construction. Board was supplied in imperial sizes to *match* the building *and* minimise wastage. It gives Class 1 spread of flame ratings on both sides.

Plaschem, Morris Street, Dumers Lane, Redcliffe, Manchester. 061-766 9711.

● SHIPPING

Will withstand typhoons

THE NEW Tsing Yi ship repair yard of Hong Kong United *Dockyards, in Hong Kong har*bour, is equipped with floating docks as opposed to the graving docks operating in their Kowloon Yard. As Hong Kong is *subjected to the effects of* typhoons for part of the year, HUD considered it vital to check that its floating docks would remain safe and operable during typhoon conditions.

Consequently, advisory and projects group of Lloyds Register's Hull Structures Department was requested to investigate the probable behaviour of its floating dock "Whampoa" (lifting capacity 20,000 tons) in simulated typhoon conditions.

It is believed that this analysis represents the most complete investigation so far undertaken regarding the behaviour of a floating dock with the interactive effects of the docked ship in simulated weather conditions.

Typhoon conditions defined by Hong Kong United Dockyard and the builders of the dock, Sasebo H.I. of Japan, were specified as winds of 130 mph.

The dock itself is 220 metres long, 45.2 metres in beam, and 16 metres deep. It is maintained in position by securing chains anchored to the seabed. The lightweight of the dock is 10,522 tons and its lifting capacity 20,000 tons.

For the study the dock/ships securing system was represented by a three-dimensional finite element mathematical model. The dock was assumed to be occupied by a container ship of about 20,000 displacement tons and 218m in length—a typical vessel of maximum weight and maximum length for the dock.

The method of analysis included idealisation of the floating dock itself, separate grillage model representing longitudinal and transverse rigidity of the docked ship, keel and side block support system, and dock securing system.

On the successful completion of the exercise, the class notation "Caisson Dock—Specially Strengthened" was assigned.

Lloyd's Register, 71, Fenchurch Street, London, EC37 4BS 01-709 9166.

● ELECTRONICS

Chip needs less power

A NEW high speed 4096-bit static random access memory has been designed and produced by Intel. The 2148 employs Intel's high speed MOS tech*nology and is available with* three different access times, 55nS, 70nS and 85nS.

Power consumption is a maximum of 125mA in the active mode, and only 30mA in the automatic standby mode.

The standby mode is entered automatically when a device is not being accessed. Power-up is achieved without reducing RAM operating speed, or reducing system data throughput and does not require clocking or complex power-switching circuitry. Since most of the RAMs *in a large system will be* in a standby mode at any one instant in time, the average power dissipation of the system will only be a little above the *stand-by power dissipation of all* the RAMs in the system—a reduction of approximately 75 per cent over systems that are continually active.

Another advantage of automatically switching to standby power when not being accessed is that heat dissipation and power supply control problems which are experienced by high power dissipating devices are eliminated.

Intel Corp (UK), 4 Between Towns Road, Cowley, Oxford OX4 3NB. 0865 771431.

Line set up in a day

LEKTROKIT IS offering a complete plated through hole system allowing many companies, for the first time, to have prototype and batch production quantities of printed circuit boards available the same day.

Equipment can be provided for the preparation, seeding and electroless copper plating, pattern generation and electroplating with copper and lead tin of PCB's to give a finished board in about 1½ hours.

The equipment includes soak tanks, heated tanks, wash tanks, deionized water wash, electroless copper bath, board drier, electroplaters, photoresist laminator and benching. In addition to this — for companies not already making double-sided boards — are units for alignment, exposure and etching and developing, to give a complete facility.

The chemical problems historically associated with the process have been overcome both by minimising the quantities *and liaising with chemical sup*pliers in the industry to provide the user's needs and give advice when necessary.

Lektrokit, Sutton Industrial Park, London Road, Earley, Reading, Berks. 0734 669116.

● COMPUTING

Micro unit discounts

INTEL INTELLEC Series II microcomputer development systems are available to educa*tional and non-profit-making re*search organisations from Rapid Recall at 15 per cent below list price. Organisations that qualify for this special offer include Universities, Colleges, Schools and Government-funded research establishments who will use the equipment to support their training programme or for basic research work. Rapid Recall is also offering full service contracts at 15 per cent below list.

Organisations that purchase either an Intellec 221 or 231 and one software package (such *as an assembler*, PL/M, FORTRAN, or COBOL) at the reduced price will also qualify for a 15 per cent price reduction for further software *packages, peripherals, in-circuit* emulators, SDK kits, PROMPT units and system test consoles.

For an organisation installing a complete microprocessor development laboratory, the 15 per cent discount will represent a great deal of money.

Rapid Recall, 6, Soho Mills, Wooburn Industrial Park, Wooburn Green, Bucks. Bourne End 06285 24961.

● IN THE OFFICE

Microfilm recorder

AUTOMATIC microfilm recorder equipment by Bell and Howell is a compact desk-top camera, for use in banks and related application areas.

A built-in endorsing system enables it to endorse, cancel or mark documents. Microprocessor logic allows the machine to film, count, index and even monitor its own performance.

Simple film cartridge unit and freedom to remove any *length of film for processing*, as well as for partially used film cartridges to be set aside and used when required, make for speed and economy.

Bell and Howell, 33, Woodthorpe Road, Ashford, Middx.

LOMBARD

Basil and the perks crisis

BY JOHN CHERRINGTON

Dear Uncle Tom,

A belated letter to thank you for the grouse which have been much appreciated. How fortunate you are to have established your residence abroad and can be entertained by your old company as a foreigner and so make the whole grouse exercise, if not viable, at least tax deductible for them. In fact foreigners are now much sought after as guests for all sorts of enterprises because then, as you know, it is quite legitimate for British nationals to be entertained as well.

But I wonder for how much longer. I have been much disturbed by the latest Inland Revenue consultative document about the taxation of perks which at the moment is concerned with cars, but undoubtedly grouse moors and yachts will follow.

Of course as directors of my company Rebecca and I each have a car for which we are charged a small sum as annual value on which we are taxed. I have also a keen young team of departmental managers and salesmen each earning £8,490 a year. Not a very high salary, I grant you, but they have in addition a car with free petrol, BUPA subscriptions for their families, schooling at the fee paying schools for their children and so on.

In addition my lower ranking operatives all get subsidised canteen meals, car allowances to get to work and a number of other little things which according to my agreement with the shop stewards amount to about £10 per week per man.

As soon as the news broke my executives called me into a meeting and their spokesman laid it down that if they had to pay tax at the full rate of their cars they would expect me to increase their salaries to the extent that they could still keep their cars and not be out of pocket.

Supplying the cars at present costs me about £1,500 a year each and if I have to meet their claim I calculate that it will cost my company an additional £500 a year for each executive to meet the car claim alone. In addition the spokesman said that he would be keeping the position of the other benefits in kind under constant review.

He was relatively restrained and polite as he knew very well that I simply had to agree. The business depends entirely on their efforts and we have just had a few successes in the home market.

Bill Harcourt, the shop steward, was much more brutal. If anything were to happen to his members' benefits they would need financial compensation or else the lads would take action and you know what that means.

If this attack materialises, and Mrs. T. and her friends are in for another four years and eight months, the total extra cost of supplying cash instead of benefits in kind would be £30,000 a year, a figure which on present form I simply cannot find and meet my other commitments. I have sold Rebecca's TR 7 and told her that as she is pregnant at last and expecting twins walking will get her in trim for pram pushing and housework. The office cleaner will also no longer be able to do the housework. I am at my wits' end. What do you suggest?

Your affectionate nephew,
Basil.

Tax holiday

Yacht Delysia, Cannes.

My Dear Basil,—Your letter reached me during an extended board meeting here. The company has chartered the yacht to enable two of our members to recuperate from gunshot wounds sustained from foreign nationals renting the next moor who thought grouse were to be shot by machine guns.

I simply don't know how to advise you except to move your whole enterprise to Ireland where I understand foreign investors can claim a ten year (or is it 20 year?) tax holiday. But in truth your situation is no more than a microcosm of what the whole of British industry could suffer should this scheme go through. According to calculations made by the Revenue the actual loss to tax from benefits in kind is of the order of £360m at least and paying increased salaries to meet this would cost an enormous sum.

The only solution which quickly comes to mind is to rearrange your affairs so that all duties are performed by subcontractors who would have to make all their own tax arrangements. If this change became universal it would create such a multiplicity of separate enterprises that the Revenue would be forced to revolt.

Yours affectionately,
Tom

A resort that's bucking the trend

BY ANTHONY MORETON

AROUND BRITAIN

GREAT YARMOUTH

IN THIS summer of the vanishing holidaymaker, Great Yarmouth claims it has not had a bad time. Despite the signs which appear more frequently than elsewhere proclaiming "no petrol" or "regulars only," the number of holidaymakers in the town this week, as the end of the high season approaches, has been little different from last year.

The bingo parlours on Marine Parade and North Drive are doing good business, as are the chip shops, and gift shops. Dick Emery is at the Wellington Pier Pavilion and Bernie Winters at the Windmill. Jimmy Chipperfield's circus is at the Hippodrome and there are any number of other shows to attract the holidaymaker when he and his family have come off beaches as good as any to be found in Europe—15 miles of perfect, clean sands.

That Great Yarmouth has been able to buck the trend hitting much of the rest of the country is probably due to its being, quite unashamedly, a British resort. There are no bureaux de change and no foreigners. Its appeal is to those who do not want, or cannot afford, to take the family to the Costas.

But what it lacks in international sophistication it makes up in success. It is second only to Blackpool as a holiday town; perhaps 1m people a year stay for a week or more, leaving behind, at a conservative estimate, £50m.

If Yarmouth is traditional, it is also changing. The crowds which come in their thousands in high season—probably 75,000 a week this month and more than doubling the population—are making different demands. No longer do they flock to the private hotels, as the guest houses and B and B places of yesteryear are now known, in such large numbers. They want self-catering accommodation to keep costs down.

So, some of the seaside landladies have turned to flatlets. But the big boom has been in caravan holidays, and companies such as Ladbroke and Pontin (now part of the Coral group) have not been slow to meet the need. Ladbroke has 1,600 caravans on one of its four sites and at Vauxhall Holiday Park there are 1,200. Pontin has two big camps and there are plenty of smaller ones up and down the coast.

This development has allowed Great Yarmouth to hold its own, though it would not claim to have done more than that. During the 'seventies the "take" from the holiday industry has been fairly static after a period of rapid expansion and this flatness has led to some agitation for the borough to become more industrialised, to provide work all round the year.

As in most seaside towns unemployment rises sharply after the last shutters have been pulled down and the deckchairs stacked, but the realists argue it would take a lot of industry to generate £50m a year for the town, even if it could be found.

What Great Yarmouth has also done is to spread the season. It has become very popular in May and September with groups of senior citizens which have helped considerably to spread a little more jam. The town's main attraction to older people, unlike Scarborough or Bournemouth, is that it is absolutely flat with no awkward hills to be negotiated.

To keep abreast of the times, the town has just embarked on a £5m Marina Centre to take the place of an open-air swimming pool and theatre on the front. Since the council does not have borrowing powers anywhere near that sum, it went to the NCB's pension fund for the capital; the fund took a 25-year lease on the site and then did a lease-back to the council. The rent which the council pays is linked to the retail prices index.

The centre will be managed for the council by Trust Houses Forte, a similar arrangement to that between the company and Douglas on the Isle of Man for Summerland. THF is well established in Yarmouth, operating a pier and a couple of cinemas, and is paid a fee, equivalent to 5 per cent of turnover, and a percentage of the net profit.

The marina centre will have not only the usual bars, restaurants, dance halls and leisure pool, but also facilities for indoor sports—squash, netball, archery, football and bowls—which will be available all the year for the town's residents. The marina is expected to open in the spring of 1981.

In the next fortnight, though, the main throng of holidaymakers will have gone and by the middle of October there will be few old age pensioners left. Then Great Yarmouth will have to exist on its own resources until the sun comes out again. Unfortunately it has little appeal for the second-holiday maker or hotels for the people taking winter breaks—only two of them rate three-star category.

At one time, there was the fishing industry. Yarmouth was, after Aberdeen, the country's leading herring port. In its Edwardian heyday over 1,100 vessels moored in the Yarre. As recently as the late 1950s there were more than 100; by the mid-1960s they had all gone, victims of vicious over-fishing by short-sighted European nations and a three-mile fishing limit.

Yarmouth was lucky in one respect. As fishing disappeared North Sea oil and gas replaced it almost immediately. The port, which has good water, sits opposite the southern North Sea gas fields and if it eventually lost out to Aberdeen and Dundee for North Sea oil it still managed to hold sufficient of the trade to keep 3,000 to 4,000 people in work.

The coming of oil and gas, however, masked the underlying economic problems, for which the town is now paying. It has been difficult to clear outdated buildings from the quayside because leases were quickly snapped up and although the port—run by harbour commissioners—has introduced both a roll-on, roll-off service to Holland and a promising service to Nigeria it is unable to find the land to produce a container terminal. At one point, between the oil storage tanks, the power station and the sea, sits a caravan park.

Just as great a problem is the lack of good roads leading into the town. Yarmouth could tap more trade from the West Midlands and Merseyside if only the roads were better. What it desperately wants is a good link between the M1 and the A1 and then improvements on the road across from the A1.

What the town would also like is more manufacturing industry. In 1971, 36 per cent of the workforce was in manufacturing, a proportion which had dropped to 27.5 per cent by 1976 and is now probably under 25 per cent. This drop is within a workforce which has remained fairly stable at around 36,000.

The fall has been accentuated by a number of takeovers of local firms by nationals which have, in time, then closed the local operations. Spillers sacked 800; Bird's Eye ran its workforce down from over 3,000 to under 2,000 (with probably another 500 to go) and Jewson will shut in October, putting out of work at least 80. All this has pitched the town's unemployment to over 8 per cent, about double the Ipswich rate and considerably more than Lowestoft or Norwich.

Two attempts to get assisted areas status were turned down by the previous Government and will certainly not be entertained by Sir Keith Joseph, so the borough must do more for itself, a point which an inherently conservative (not to say Conservative) council now accepts with the decision to go ahead and designate an industrial estate.

The narrow base of industry is at last beginning to concern the council. The holidaymakers at least are unlikely to be aware of these problems.

Useful pointers for next season

RACING

BY DOMINIC WIGAN

SEVERAL promising two-year-olds are among the runners in today's Waterford Candelabra Stakes for fillies. The race, which has been transferred from Goodwood to Ascot, could well provide some useful pointers to next season.

The seven-furlong event looks set to be run on near-perfect ground after heavy showers in the Ascot area. Quick as Lightning and Blaze of Glory are the runners which interest me

Quick as Lightning is a beautifully-bred juvenile—a bay filly by Buckpasser out of the Bold Ruler mare, Clear Ceiling, who is a full sister to What a Pleasure. She made no mistake at Newmarket on her debut. Running on strongly in the closing stages of the six-furlong Pegasus Maiden Stakes, John Dunlop's filly, a 16-to-1 chance, foiled a major gamble on Live Ammo, with Moorestyle heading the remaining 20 home. Live Ammo has since franked the form with a comfortable victory in respectable company.

Pat Eddery's mount, whose backward appearance was reflected in her price there (and, incidentally, a tote dividend of 30 to 1) will be ideally suited to today's extended trip.

Blaze of Glory is another filly bred in the purple. A full sister to the 1,000 Guineas and French Oaks winner, Highclear, she is also a full sister to Light O'Battle and Light Duty, and a half-sister to several other winners. At Newbury on Friday, Blaze of Glory might well have made her presence felt in the closing stages of a Maiden event, but for being the subject of interference a quarter of a mile out.

With the benefit of that run behind her, Blaze of Glory can take advantage of the 5 lb she receives from the Arundel filly.

A second possible winner for the Dunlop and Eddery is Liberated, who needs only reproduce the form which saw him chasing home Tahitian King at three lengths in Goodwood's Surplice Stakes to take all the beating in the Counters Gate Stakes. I anticipate the chief danger to Liberated being Sarus, whose stable returned to a little of its old form with Base Camp's narrow victory at Brighton on Wednesday.

ASCOT
1.45—Lady Ember
2.15—Little Newmarket
2.45—Boys Division**
3.15—Blaze of Glory***
3.45—Crimson Satin
4.15—Liberated

NEWMARKET
2.30—Mutual Interest
3.00—Hindu Flame
3.30—Manrico
4.00—Lottie Lehmann
4.30—Decorative*
5.00—Another Picture

TV/Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 9.50 Magic Roundabout. 9.55 Jackanory. 10.10 Don and Pete. 10.15 Hong Kong Phooey. 10.35 Take Hart. 12.45 pm Pawb Yn Ei Fro. 1.15 News. 1.30 How Do You Do? 2.00 Show Jumping: The Embassy Derby Trial. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Asterix the Gaul. 5.10 Hung On Doggy. 5.35 The Wombles.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Sportswide.
6.40 Barney Bear.
6.50 Star Trek.
7.35 It Ain't Half Hot Mum.
8.05 Des O'Connor Tonight.
9.00 News.
9.25 The Hollywood Greats (Marilyn Monroe).
10.15 Spike Milligan in Q7 (London and South East only).
10.45 Regional, National News.
10.50 The Late Film: "Let's Make Love," starring Marilyn Monroe.

All Regions as BBC1 except at the following times:—

Scotland—5.55-6.20 pm Reporting Scotland. 10.15 Beechgrove Garden. 10.45-10.50 Regional, National News.

Wales—1.30-1.45 pm Bys A Bawd. 5.55-6.20 Wales Today. 6.40 Newyddion. 6.45 Ask the Family. 7.10-7.35 Hywel Gwynfryn Gyda Lyn Ebenezer. 10.15 Welshmen of our Time. 10.45-10.50 Regional, National News.

Northern Ireland — 4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Golf: Carrolls Irish Open (highlights). 10.45-10.50 Regional, National News.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) Sheltered for Life; Midland (Birmingham) Spare Time; North (Leeds) In Conversation; North East (Newcastle) The State of the Union between England and Scotland; North West (Manchester) Champion Brass; South (Southampton) Cusden on Location; South West (Plymouth) The Individualists; West (Bristol) The Producers.

BBC 2

6.40-7.55 am Open University.
11.00 Play School (as BBC1 4.20 pm).
2.00 pm Racing: The Goodwood August Meeting.
4.50 Open University.
6.55 Gardeners' World.
7.20 News.
7.30 Golf My Way.
8.00 Seven to One.
8.30 Scottish Playbill.
9.00 All Creatures Great and Small.
9.55 Kilvert's Diary.
10.10 Top Crown.
10.25 Balanchine and the New York City Ballet.
11.35 Late News.
11.50 Closedown reading.

BBC2 Northern Ireland only.—11.30 am-1.30 pm and 4.00-4.50 Golf: Carrolls Irish Open Championship.

Channel is the only IBA company transmitting programmes during the present industrial dispute. Details of this local service are given below.

1.20-1.30 pm Channel Lunchtime News and What's On Where. 5.00 Puffin's Birthday Greetings. 5.05 Kum Kum. 5.30 Woobinda. 6.00 Report at Six Extra. 7.00 Target Impossible. 7.25 Big Valley. 8.20 Film: "Don't Drink The Water." 10.00 Channel Late News. 10.05 The Making of "Star Wars."

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz, 206m & 94.9vhf
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf	Capital Radio: 1548kHz, 194m & 95.8vhf
				London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast

5.00 am As Radio 2. 6.00 Andy Peebles. 9.00 Simon Bates. 11.00 Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Tony Blackburn. 4.31 Kid Jensen. 6.31 Roundtable. 8.00 Mike Read. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Derek Hobson (s). 7.32 Terry Wogan (s). 10.03 Jimmy Young (s). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House from Edinburgh (s). 2.15 David Hamilton (s). 4.15 Much More Music (s). 5.00 News. 5.05 Waggoners' Walk. 5.20 Don Durbridge (s). 6.45 Sports Desk. 7.02 Marks in His Diary (s). 7.30 Sports Desk. 7.33 Fiesta De Dorita (s). 8.02 Johnny Gregory conducts the BBC Radio Orchestra (s). 8.45 Friday Night is Music Night (s). 9.55 Sports Desk. 10.02 Jim Macleod and His Band at the Radio 2 Ballroom. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (s).

RADIO 3

†6.55 am Weather. 7.00 News. 7.05 Overture Concert, part 1 (s). 8.00 News. 8.05 Concert, part 2. 9.00 News. 9.05 This Week's Composer: Handel (s). 10.10 BBC Northern Ireland Orchestra (s). 11.00 Edinburgh International Festival 1979 piano recital, part 1 (s). 11.40 Festival Comment. 11.55 Recital, part 2. 1.00 pm News. 1.05 Playbill (s). 1.20 Niels Viggo Bentzon (s). 2.25 Twentieth-Century piano music (s). 3.00 Stanford and Parry (s). 3.40 The Glazunov Symphonies (s). 4.25 Comparing Notes (s). 5.25 Homeward Bound (s). †5.45 News. †5.50 Homeward Bound. †6.15 At Home. 7.10 Pied Piper (s). 7.30 Proms 79, part 1 (s). 8.15 The Beginning of My Second Week. 8.35 Proms 79, part 2 (s). 9.15 Sir Alec Guinness recalls poetry on record. 9.35 Proms 79, part 3 (s). 10.30 Music Now. 11.15 Hans Leo Hassler (s). 11.55-12.00 News.

VHF only—6.00-7.00 am and 5.45-7.10 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day, 7.00, 8.00 Today's News, 7.30, 8.30 News headlines, 7.45 Thought for the Day, 8.45 Theatre Street. 9.00 News. 9.05 Baker's Dozen (s). 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 Down Your Way. 11.45 Listen With Mother. 12.00 News. 12.02 You and Yours. 12.27 The Enchanting World of Hinge and Bracket (s). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Women's Hour. 3.00 News. 3.05 Afternoon Theatre. 4.00 News. 4.05 Fair Game. 4.35 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather: programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (s). 8.10 Profile. 8.30 When Men and Mountains Meet (s). 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight: News. 10.30 Adrift at the Festival (s). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Travels of a Gentleman. 11.45 Just Before Midnight. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 London Sports Desk. 6.35 Good Fishing. 7.00 Black Londoners. 8.00 Track Record. 10.00-5.00 am As Radio 2.

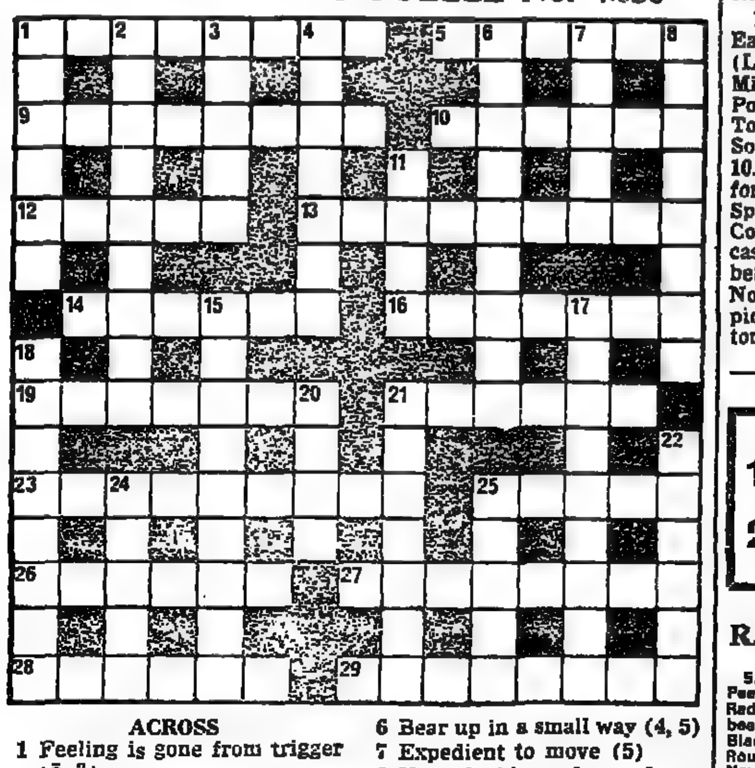
London Broadcasting

5.00 am Morning Music. 6.00 The AM Show. 10.00 Open Line. 1.00-8.00 pm LBC Reports with George Gale at 3.00. 8.00 After Eight. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Mike Smith (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Alan Freeman (S). 11.00 Mike Allen's Late Show (S). 2.00 am John Sachs's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,056



ACROSS
1 Feeling is gone from trigger (5, 3)
5 Copper on board newsman found obstinate (6)
9 Stick a call for silence on factory (3, 5)
10 Hope to drive snake to anger (6)
12 Hackneyed description of harvest field (5)
13 Made known how I tamed it in a new way (9)
14 Fireman from the Potteries? (6)
16 Bridge or some other game (7)
19 Basic part of resistance to electric appliances (7)
21 Eastern religious adherent found in average diocese (6)
23 Pork for West-countrymen (4, 5)
25 Has returned to one second-grade gentleman in India (5)
26 Put out new production (6)
27 Big fall means trouble in sight (8)
28 Precise time (6)
29 Got a rifle for a parrot (8)

DOWN
1 The roof of that chalet is partly straw (6)
2 Lady with the Lamp showing in cinema (9)
3 The answer is by no means plain . . . (5)
4 . . . and even less plain to this connoisseur (7)
6 Bear up in a small way (4, 5)
7 Expedient to move (5)
8 Not looking forward to taking fourth class to southern town (8)
11 Prevent a lot of money turning up (4)
15 Look after noble score (4, 5)
17 Kind of surgery requiring frankness (4, 5)
18 Recent appointment expected to make sweeping changes (3, 5)
20 Transport using rail and road (4)
21 Stamp obtainable after time (7)
22 Died on the Queen Elizabeth by the way (6)
24 Giant acquires sunburn without it (5)
25 Way to welcome staff (5)

Solution to Puzzle No. 4,055

THE ARTS

Lyceum, Edinburgh

Richard III

The first person on the stage is not Richard but Queen Margaret, shrouded in black like the two ravens that perch high on the set. She haunts the evening like a ghostly commentator, sometimes instructing characters in what they must do by reference to the old leather-bound Shakespeare she carries in her hand.

Richard soon follows, setting off a magnificent performance by Ramaz Chkhikvadze to be remembered for a lifetime. He *lopes lamely* through an opening in the backcloth, a bent, grey-haired Napoleon, his lameness exaggerated to win our regard, but his face wolfish and cunning. This is not the Richard we know; it is something invented wholly from the player's reaction to the text with no outside references. The first speech, "Now is the winter of our discontent," is spoken *meditatively from halfway down* stage. Then Richard's first move is to summon Richmond, and he, like Margaret, lurks about the stage until it is time for him to kill the King at Bosworth. For this final duel the two of them stand half-covered by a map of Europe, rivals for domination, hacking at one another with immense swords.

It is clear that for Robert Sturua, the director, the rivalry for the English throne in the Middle Ages is no more serious history than *The Mikado* is a serious study of the Japanese monarchy. The main events of *Shakespeare's play are all* present, and are not mocked. Indeed the production began as a more or less straightforward interpretation. It only acquired its individualities during months of rehearsal.

The result is a magical fantasy on the theme of Richard and his grisly ascent to the throne, full of rich visual images and graced by superb acting throughout. Lady Anne, having succumbed to Richard by her husband's coffin, squats on his prone body, feeling herself the victor. Richard, once he is King, is dogged by a Fool who, intentionally or not, also looks rather like Napoleon. There are occasional touches of dance in the movement, and inexplicable props such as the waggon on which Queen Elizabeth arrives, things that are not logical but poetically acceptable. At the end, the stage is increasingly peopled with white-clad ghosts, who wander impalpably among the living.

The white-sheeted decor by M. Shvelidze is never realistic, yet it is full of meaning—the rough wooden coffin of Henry VI with its poorly-clad bearers, the high wooden platform representing the walls of the City of London (the crowd sheltering under umbrellas from a thunderstorm), the miserably little brass crown all the fighting is about. Costumes, of no particular date, suggest courtiers of last century, but are mostly concerned with the private individuality of the wearer—Catesby, for instance, is a mid-Victorian Civil Servant to the life. Buckingham (splendidly played by G. Gegechkori) might be a Field Marshal in mufti. Music varies from simple ragtime commentary to a fantastic rendering of Bach's C major prelude that accompanies much of Richard's reign. When the English flag appears it is a faded Union Jack.

In the second interval, I am told a lady demanded her money back on the ground that she had expected to see Shakespeare's Richard III. If she will consult a text, she will find that she was seeing it, in a fresh, clear-eyed interpretation that is the very thing for conservative British audiences who seem to want every new production to be like the last. She can at least remember that for two acts she saw acting by Chkhikvadze that must be among the world's finest.

B. A. YOUNG

Kent Opera at Edinburgh

In Peter Diamand's day the *Edinburgh Festival acted as a showcase for the glossy international values of opera.* The new festival regime appears to promote the opposite view of the arts. Opera at Edinburgh this year is being given by two British companies, and is being sung by them in English. Scottish Opera takes over at the King's Theatre next week; for the present, Kent Opera is in state there, with Jonathan Miller's new production of *La traviata* (sung in a new translation by Michael Irwin) and a revival of Gluck's *Iphigenia in Tauris*, a production two years old and already widely praised.

La traviata on Tuesday evening *got off* to an exceedingly unhappy start. Before curtain rise it was announced that Jill Gomez, the heroine, had risen *from* a sickbed to participate in the premiere. Then, as the house lights dimmed, riot broke out among a section of the upper-circle audience prevented from reaching its seats. For *the next 15 or so minutes the* lights went up and down to an accompaniment of booing and barracking. When eventually peace was restored, the ugly atmosphere proved hard to dissipate, and most of the first act bore the marks of the accumulated tension. In all probability, the entire performance was affected, and criticism thereof should be read in that light.

For this *Traviata* was, as Oscar Hammerstein's King of Siam would say, a puzzlement. The production boasted distinctive and distinguished features —nicely observed behaviour, clear grouping, the avoidance of tired operatic convention. The musical edition was complete in every note with verse repeats, cabalettas, and cadenzas as and where Verdi intended them. Kent Opera's musical director, Roger Norrington, showed in his conducting of a small orchestra his familiar concern for precise and faithful execution. And the sum was the most unmoving *Traviata* of my experience, a cold, colourless *affair whose* virtues *one* appreciated in a spirit of dispassionate uninvolvement.

Colourlessness, both intentional and perhaps unplanned, formed the subordinate theme of the evening. No doubt the designer, Bernard Culshaw, would prefer his colour scheme of beige, grey, black and white to be described in terms more positive. For long stretches, however, the impression of visual severity was matched by a want of emotional colour in the voices of the principals—Miss Gomez, the secure, uninteresting Alfredo of Keith Lewis, Thomas Hemsley as his father—and by the punishingly hard-driven quality of the conducting (in this opera, Norrington seemed to lose all sense of accompanying voices, of "breathing" with them and gently moulding them, as he never does in Monteverdi). The conjunction made for a deprivation of Verdian warmth that came close to famine.

Miller's production finds its best form in the duets of Acts I and II. These are played, for the most part, seated—plausibly, at no cost to dramatic tension (unlike similar passages in Miller's no less sedentary ENO *Figaro)*, and with a touchingly restrained and intimate sense of the way real people behave in crisis. Violetta's onset of illness in the first act is tactfully handled. Her final manifestation as a jerky near-cadaver is no doubt medically unarguable, though in "Addio del passato" Miss Gomez was draining so much vitality from her tone and line (hardly full or rich in any case), that one wondered whether so much forensic realism was entirely helpful to theatrical illusion at this point in this particular opera.

Mr Hemsley's Germont senior, the outstanding individual performance of the evening in its drawing and impeccable characterisation of parental rigour out of unpromising vocal material, gives way to tasteless sobbing by her deathbed. Neither party scene is sufficiently differentiated from the other; neither is convincingly worldly; at neither is there anything to eat. The sets are a simple manipulation of curtains and backcloths; for an international festival, it is perhaps not out of place to suggest that these could be pulled straight and hung more evenly, to give a less rumpled and slatternly appearance.

The next night's Gluck disposed of the doubts that had been unwillingly cast up about the company, and above all about Norrington—his dramatically impassioned, yet scrupulously well-balanced account of a noble masterpiece so often rendered dull and ponderous, is one of his and Kent Opera's finest achievements. Norman Platt's production, unfussy if not notably illuminating in its simplicity, looks very well in this theatre. So does Eiddwen Harrhy's Iphigenia, in limpid, supple voice; Miss Harrhy needs now only greater verbal clarity to be acclaimed one of the most complete Gluck sopranos of our day.

MAX LOPPERT

Cinema

Hamlet, prince of one-liners by NIGEL ANDREWS

Manhattan (AA)
Screen on the Hill, Gate Cinecenta, Classic Oxford Street
The Main Event (AA)
Warner West End, ABC Shaftesbury Avenue
Sidney Sheldon's Bloodline (X)
Plaza 2

Woody Allen and Mariel Hemingway in 'Manhattan'

Few clowns seem to be proof against that legendary itch to play Hamlet. The Woody Allen *last seen in action directing Interiors* and now directing and starring in *Manhattan* is the latest victim of the Elsinore Syndrome. *Interiors* was a psyche-searching slice of Americana marinated in Ingmar Bergman atmospherics. Although it was a far defter, more integrated movie than one expected from Woody Allen turned-serious, it still left one sneakily *hungry for the wisecracks and* the owlish, quizzical presence of Allen himself.

Now in *Manhattan* Allen is here again in person and so are the jokes. But shades of *Interiors* fall across the film like prison bars. The milieu recognisably barks back to *Annie Hall*—Greenwich Village smart-set Bohemianism and much highfaluting talk about Art and Love and Death. And here once more are Diane Keaton and Woody Allen playing the star-crossed lovers: he a fortyish writer who has just prised himself free from a comedy-scripting television job and is trying to do the same from an affair with a teenage girl (Mariel Hemingway), she the garrulous, beautiful, blue-stocking ex-mistress of a married friend of Allen's (Michael Murphy).

But the *post-Interiors* difference in *Manhattan* is that New York is photographed in moody black-and-white, is set to the moody beauty of George Gershwin's music and seems altogether a more self-conscious and artfully resonant echo-chamber for the characters' emotions. The name-dropping conversations about Art, familiar from *Annie Hall*, are not here debunked with such heady, holocaustic conviction. (Allen's single-handed demolition of a cinema queue pseud was that movie's *pièce de résistance*). And then Allen himself sits down in *Manhattan* with a tape-recorder to voice his private list of Things That Make Life *Worth While — it includes the* second movement of Mozart's Jupiter Symphony, Cézanne's *still-lifes*, etc — one has a shudder of fear that the doctor has caught his own patients' illnesses, the satirist has been metamorphosed into his own target.

For all its measured pace, *Manhattan* offers the Allen fan an uncomfortable switchback ride between the resistibly serious search for the sublime and the irresistibly comic exposure of the ridiculous. The mortar fire of one-liners is still dizzily brilliant. Allen can lend even the most carefully scripted line a sort of wide-eyed, abandon - hope spontaneity. "When it comes to relationships with women," he stammers, searching for the ultimate in self-deprecation, "I'm the winner of the August Strindberg award!" Equally, some repartees can come back with a deadpan, shrugged-off assurance. "You think you're God!" Diane Keaton shouts at him. "I've got to model myself on someone," he protests with simple logic.

Around the bitter-sweet fringes of the Keaton-Allen romance the film sketches in some variegated and variable cameos of New York life. Allen's romance with the lovelorn, 17-year-old Miss Hemingway should to my mind have been pencilled out of the film (as a similar nymphet liaison, with Brooke Shields as the girl, was dropped from *Annie Hall*): *not because of taste or* "morality," but because it plays havoc with the Allen comic image. Instead of the born loser we are suddenly and unpersuasively asked to see in Allen the wise, mellow, desirable man-about-town.

Much better is the sketch of Allen's hard-bitten ex-wife (Meryl Streep) who is writing an autobiography brim-full, she promises, of unsavoury details about their marriage. This little vignette works for precisely the reason that the Hemingway didn't: because it puts Allen on the losing side, saved from *drowning in life's treacherous seas only by the cork-like*, never-say-die buoyancy of his wit.

*

Meanwhile, the distaff side of New York Jewish humour is represented by Barbra Streisand. *The Main Event* reunites this pugnacious, friz-haired comedienne with Ryan O'Neal, her co-star in *What's Up, Doc?* Miss Streisand here plays a perfume millionairess who goes bankrupt one day when her business manager absconds to South America with all her savings and investments. All, that is, except one: the doubtful asset of an unknown ex-boxer (O'Neal) whose contract she owns and whose prodigious sequence of defeats in the ring had enabled her hitherto to write off large yearly sums as tax losses.

So much for the plot premise. It's no sillier than many comedy starting-points and the first *half-hour—in which Miss* Streisand meets Mr. O'Neal and tries by every known cajolement to persuade him to return to the ring and change a losing streak into a winning one—is promising. Miss Streisand, with her Harpo Marx hair and her Brooklyn vowels, whips the film along and Mr. O'Neal tags charmingly behind—or slightly ahead—as the maladroit would-be idler.

Then what happens? Romance enters, comedy dwindles, the plot meanders and the film starts to sag and ooze like a neglected Camembert. The secret of screwball comedy — and *The Main Event* pushes itself forward strenuously as a successor to such as *Easy Living* and *Bringing Up Baby* — is to keep up the pace. Never give the audience a moment's pause in which to suspend their credulity: if they do, the plot collapses—as here—like a house of cards.

Once Streisand and O'Neal are given time to dither on a romantically nocturnal beach, the film's thrust falters and improbabilities that would otherwise have been cheerfully swallowed—viz. later scenes of Streisand sleeping with 13 men in a training camp dormitory up in the snows—stick annoyingly in the throat. Howard (*House Calls*) Zieff directs competently, the supporting cast is good and the designs by Charles Rosen (from Art Deco offices to a boxing-glove-shaped house) are a delight. All that is missing from *The Main Event* is a good comedy script.

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Novelist Sidney Sheldon, who launched that epic of tosh *The Other Side of Midnight* on an unsuspecting world some time ago and saw it swiftly mutated into film, has managed the same trick with *Bloodline*. He has welded his own name to the film's title, rather unbecomingly, in case you were in any doubt that the brain that forged that earlier tale of passion, murder and revenge among the very rich had created this later ditto.

Audrey Hepburn becomes the new president of Roffe Pharmaceuticals when her father, the previous incumbent, falls to his death in a Swiss climbing accident. Accident? Well, I won't beat about the bush—he was murdered. And the culprit was one—it might be any of them—of the Roffe Board members. They include: Romy Schneider, Ben Gazzara, Omar Sharif, Irene Papas, Maurice Ronet and James Mason. Mason is back in this film to his devilish charm of the good old days, *but Omar Sharif looks very* tired and bloodshot: the result, I would suggest, of too much late-night bridge.

It is soon open season for Miss Hepburn, of course, as her suspicions narrow to the guilty person and the said person's minions try to bump her off. There is also a mysterious maniac filming snuff movies around the world, whose activities are dimly connected with Roffe Pharmaceuticals but shouldn't be bothered with too much. Concentrate instead on the cherishable hideousness of the photography (whatever could have happened to the normally reliable Freddie Young), the delirious awfulness of the dialogue, and the certifiably lunatic sequence of plot twists that land Miss Hepburn at the climax on the slippery roof of a burning Sardinian villa while the two chief-suspect villains (which is the real one?) stand on separate balconies below coaxing her down and competing for her trust.

Festival Hall

La Sylphide by CLEMENT CRISP

Leonard Burt

Eva Evdokimova and Peter Schaufuss

It is a rare pleasure to see a seminal classic of the dance theatre staged so that it seems entirely fresh, put into exact artistic focus by love, understanding, and scrupulous care. Such is the happy case with Festival Ballet's new *La Sylphide*. It has been produced by Peter Schaufuss, after careful reference to 19th century precedent; it has regained music from Lovenskjold's score that has been excised over the years; it is designed by David Walker with loving appreciation of the theatrical style of the last century; it features three extraordinary, beautiful interpretations—Eva Evdokimova as the sylph, Peter Schaufuss as James, Niels Bjorn Larsen as Madge; and the entire Festival company respond with alert, idiomatic performance. It is, in sum, a triumph, and I think it the finest thing that the company has done in many years.

Bournonville called his *Sylphide* "a lovely flower in our ballet repertory," and thus it is reasserted in this inspired staging. Too often with the survivals of the 19th century ballet we have to accept the programmatic word for the theatrical deed in comprehending the dramatic and emotional validity of the work. Unthinking repetition, received ideas, barnacled and often incorrect traditions, obscure the first artistic impetus of the choreography. It is to Schaufuss' immense credit that he brings a young man's ardour to his version, as to his interpretation. The drama is urgent, most importantly in exposing the crisis which lies at the heart of the ballet—that Romantic dilemma which finds the hero torn between domestic reality and an illusory bliss.

Everywhere in this staging we feel both the imponderable attractions of the sylph for James and his mental unease at the implications of rejecting Effie. No less compelling the conflict between good and evil (and the unusual result that evil, in the person of Madge, triumphs because James has opted for the dangerous beauties of romance rather than the duties of the real world).

But if the production provides the dramatic framework, it is the three central impersonations which explore the possibilities of the tragedy. I do not recall Evdokimova more perfectly suited to a role than to that of the sylph. She is revealed as a dancer of greatness, whose dulcet grace, lightness, fluency in setting out the choreography, are ideally used in the aerial flights of the sprite as in her tender affection and final pathetic death. Whether bounding imponderably through the air, or posing deliciously, she seems the sylph incarnate. Schaufuss brings to James all that joyous ease and soaring eloquence that were the hallmarks of Bournonville's own style; in a performance of total authority we must salute not only superb technical and stylistic accomplishment, but also a dramatic impulsiveness that explain James's every action. And it is a privilege to see the great Danish mime, Niels Bjorn Larsen, who is magnificent in showing Madge's malice, her moments of malign humour, and also the forbidding menace that inspires the character.

The two other major roles are both very well taken. Effie is a difficult part, as is every ingénue victim, but Margot Clarke catches exactly her innocence, and all the sorrow that the girl feels. Gurn, so often merely a comic oaf, becomes in Nicholas Johnson's reading a credible suitor, and a sensitively observed figure: his scene with Madge in Act 2 as he proposes to Effie I have never seen better done.

In filling out the restored passages of music, Schaufuss shows unerring taste: the dance vocabulary is pure Bournonville, and it melds seamlessly into the existing text. The settings are perfect, with the forest glade an especially lovely, leafy conceit of encroaching trees, lit by John B. Read with his accustomed skill. The staging is, I would hazard, without serious flaw, and Festival's artists make a bright and convincing show in mastering both the buoyant and gentle aspects of Bournonville's choreography. A grand and glorious achievement. In Bournonville's centenary year, one of his finest ballets still does honour to a master of choreographic drama.

Haitink released from Prom

Following a heavy Glyndebourne programme, Bernard Haitink has asked to be released from conducting Beethoven's Choral Symphony No. 9 at the end of this year's Prom season on Friday, September 14, in order to have a complete month's holiday. He will be replaced by James Loughran.

Bernard Haitink will start work again when the Concertgebouw season opens at the end of September.

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The dangers of overkill

CONSERVATIVE supporters who are interested in economic policy may well feel that a Government with friends as candid as the forecasters of the London Business School needs no Opposition. In the hope, as it put it, that it will be better for the Government "to be conscious of the risks it is running now rather than be shocke by them later," itaccuses Mrs. Thatcher in effect of trying to push the economy at a pace at which it cannot respond, and of risking heavy and possibly permanent damage in the process.

Recession

While the LBS accuses the Government of mental confusion, its own analysis invites misunderstanding. It calls for a more gradual approach to the Government's objectives on two quite different grounds. First, it argues that a determination to reduce the borrowing requirement year by year, regardless of the state of the business cycle, will immobilise the self-balancing features of the economy. It forecasts a recession next year, as everyone else does, and calculates that a rise in the PSBR of no less than £3bn would be consistent with financial stability in these circumstances.

The second strand in the argument is quite different although it might seem to point to the same conclusion. The LBS argues that trying simultaneously to cut the PSBR and the level of taxation adds up to a very large shift of resources from the public to the private sector; and that there is a danger of overkill.

This can be viewed in two ways. First, the shift may simply be too fast for the private sector's likely respone; it could prove severely deflationary in the short run. This seems questionable; private reluctance to spend is not our problem. Secondly, the programme involves not only a shift to the market sector of things which can be shifted, but an attack on the services in which the State has a virtual monopoly. In short, it would be consistent and rational to try to shift the financing of some parts of the public services into the private sector, but not simply to slash at the services themselves.

The warnings are in principle timely, but critics as well as Government can risk overkill. We strongly sympathise with the warning that it may be dangerous to make a religion of fixed monetary numbers for such things as the borrowing requirement regardless of the state of the cycle; but not in this form.

The real danger the Government is courting on this front seems to arise from an inconsistent attitude to economic forecasts. Official forecasts are published with reluctance, and with Ministerial declarations of scepticism; but in trying to control the borrowing requirement, the same Ministers behave as if they believed the forecasts. The odd result is that a Government which has foresworn demand management has now embraced its opposite.

Stabilisers

A forecast of reduced growth leads to a higher forecast borrowing requirement, and thus to efforts at further cuts, thus tending to deepen the forecast recession. What is wanted is a stability rule; this means that the Government plans should be based on the trend rate of growth rather than on a questionable forecast (even one from the LBS). This would allow the built-in stabilisers to work, and a steady reduction in underlying borrowing to proceed

The figures offered by the LBS contain a second error: for they suggest that the borrowing requirement could be allowed to rise by their full estimate of both the cyclical and inflationary effects which they have calculated. This, however, is not consistent even with a gradual effort to reduce borrowing; and it further assumes that the borrowing requirement this year is a suitable datum line. On the contrary, even development in the economy makes it clear that the deficit this year is altogether excessive.

To say this is not to defend the Governments' existing stance; we have issued warnings containing some of the same principles ourselves. The LBS also raises a fundamental issue which deserves consideration. The financial case for an assault on the public services is not as pressing as a simple-minded attachment to fixed borrowing targets might suggest. There is time to consider cases on their real merits.

Prague and its dissidents

ELEVEN YEARS have passed since the Warsaw Pact invasion of Czechoslovakia crushed the attempt by the Communist party itself to throw off the heavy legacy of its post-war Stalinist past and reattach itself to the democratic traditions of what was once the most advanced country of central Europe.

Emigration

As such the Prague Spring was a cultural as well as political event. Its suppression dealt a massive and continuing blow to a country which had already suffered grieviously from the elimination of tis intellectual and cultural elite both in 1938 and in the Stalinist purges—which were arguably harsher in Czechoslovakia than anywhere else in the Soviet bloc.

The Soviet Union helped to anaesthetise Czechoslovakia by channelling economic resources in to the country. It hoped that higher living standards, a dacha in the country and other perks for fidelity and conformity would persuade ordinary Czechoslovaks to cultivate their garden and leave politics and ideas to the technocrats and bureaucrats. In the long run the Russians clearly hoped that the new rulers of Czechoslovakia would repeat the cautious policies of national reconciliation pursued with considerable success by Hungary's Janos Kadar in the aftermath of the similar invasion of Budapest in 1956.

Unfortunately for the Russians and for Czechoslovakia itself the men appointed after 1968 have proved themselves incapable of carrying out such a policy. Even in the economic field the cautious attempt to restore some of the reforms proposed by the Dubcek regime is proving extremely difficult to carry through because it demands a degree of responsibility and risk-taking from managers and others which few are now prepared to take on.

This underlines the fact that complex modern industrial societies require a framework of liberty under the law within which ideas and innovative tendencies can be aired and experimented with.

That this fact of life is not recognised by the present regime in Prague is reflected most clearly by its continuing repression of those stubborn and courageous people who throughout the past decade have continued to voice their disagreement with the present order and to publish their views outside the officially approved channels. Ten of the most prominent of these dissidents, all members of the Charter 77 movement, were arrested last May on charges of subversion against the state. The charges carry jail sentences ranging from three to ten years. They have been languishing in Prague's Ruzyne prison awaiting a trial which was originally expected to begin around the time of the anniversary of the invasion. For public relations reasons the trial appears to have been temporarily delayed. Reports from Prague however indicate that the trial will begin shortly.

The imminence of what looks like being the most important show trial since 1972 has led to a renewed outburst of protest among a much wider section of public opinion that was hitherto the case. It has even provoked many of the more left wing members of the British Labour Party who up to now have, by and large, been noticeably less willing to criticise the abuses of power in Eastern Europe than, for example, the communist parties of Spain and Italy.

Wider debate

They received a taste of the current regimes' apparent imperviousness to criticism when the Czechoslovak Ambassador to the Court of St. James refused to meet a Labour Party delegation earlier this month. This gesture in itself was a reflection of the decline in standards on the part of the Czechoslovak authorities, and the irritation they feel about what they see as the unwarranted and disproportionate attention paid to this aspect of contemporary Czechoslovak life.

They feel that not enough "positive" news is reported about Czechoslovakia. There may be some truth in the argument. But one item of positive news which would be widely reported would be that of a change of heart in Prague which led to the recognition of the right to hold and express nonconformist views.

In this way Czechoslovakia itself would benefit perhaps from a wider and more honest debate about its problems and how to solve them. A nation which locks up its intellectuals and free thinkers in the long run does more damage to itself than those it insists on punishing.

Barre's medicine fails to cure all French ills


The old alliance: Communist leader M. Georges Marchais (left) and M. Francois Mitterrand of the Socialists pictured before their split in 1978.

By ROBERT MAUTHNER in Paris

THE ONLY people in France to have taken any real notice of the Government's appeal that holidays should be staggered as in other Western European countries, have been the left-wing opposition and trade union leaders. While most of the population is still slumbering under its annual August anaesthetic and the streets of Paris remain deserted, they have been doing their best to waken the dead with bugle calls heralding one of the hottest autumns that the country has known for years.

M. Georges Marchais and M. Georges Seguy, respectively leaders of the Communist Party and the Communist-dominated Confederation of Labour (CGT), returned home unusually early from Yugoslavia — where, as good Euro-communists, they spent their holidays in preference to a Soviet watering place —to announce their plans.

M. Marchais' gleeful proclamation that he was prepared "to join forces with the devil" to fight the Government's economic policies was matched by a more down-to-earth announcement by M. Seguy that the main railway unions were organising a strike this week and that the CGT would hold a mass protest demonstration in Paris on September 5.

Anxious not to be left standing by the Communists, M. Francois Mitterrand, the Socialist leader, this week weighed in with proposals for a resuscitation of the Socialist-Communist Union of the Left, the alliance which came within an ace of winning the 1978 general election, but which scuttled itself by disagreements over its common economic programme.

Forecasts of a hot autumn are, of course, a traditional feature of the French political and labour scenes. Sometimes they materialise and sometimes they do not. However, the chances of the prediction coming true this year are considerably greater than at any time since President Giscard d'Estaing's election in 1974.

The reason for all the premature agitation this year is that the left-wing parties and trade unions have smelt blood. Saturday is the third anniversary of the nomination of M. Raymond Barre as Prime Minister and his self-appointed deadline for curing the French economy is about to be reached. When he first announced his austerity plan drastically to cut the rate of inflation, restore the balance of payments and stabilise the franc, M. Barre said it would take three years for his medicine to work. Not even his most enthusiastic supporters could claim today that this goal has been achieved, although it is fair to say that the economic situation would be a great deal worse if the Barre Plan had never been applied.

For the unions and left-wing opposition, which are already flexing their muscles in anticipation of the next Presidential election due in the spring of 1981, M. Barre's biggest sin has undoubtedly been his failure to bring inflation under control—coupled with the sharp rise in unemployment.

In spite of a clampdown on wages which, though they remain indexed to inflation, have not been allowed to rise in real terms except for the lowest paid, and strict monetary and credit controls, prices have still risen by some 30 per cent since M. Barre took office for the first time in August, 1976. After an increase of 9.7 per cent last year, inflation is now running at an annual rate of more than 11 per cent, which is considered high by French, if not British standards. Certainly, it is a far cry from M. Barre's target of bringing down French inflation to something near the West German level, which now only seems attainable if the German rate continues to rise sharply.

The Government's explanation that the sharp rise in the rate of inflation is mainly the result of the successive increases in imported oil prices since the end of last year, tells only part of the story. Even official economists admit that only 0.9 per cent of the cumulative price rise of 5.5 per cent during the first half of this year is attributable to higher prices for oil and petrol.

For the unions and left-wing opposition the real cause of galloping inflation is M. Barre's policy of freeing prices, introduced shortly after the Centre-Right Coalition's victory in March, 1978. They can point to a massive increase of 22 per cent in the price of bread over the past year and very substantial rises in public-sector prices, which could well reach 15 per cent in the current year.

The liberalisation of prices can, no doubt, be justified on general economic grounds. Price controls in France throughout the post-war period patently failed to bring inflation under control and industry badly needed a relaxation of controls to restore its falling profit margins, to boost flagging investments and to force it to become more competitive. As a result of M. Barre's policies, the self-financing rate of private industry rose sharply last year to nearly 75 per cent, compared with only 58 per cent two years ago. Nor have the prices of manufactured products risen by a significantly greater amount after the freeing of prices than they did during the previous 12 months.

However, the overall rise in the cost-of-living index has obscured in the eyes of the public the benefits which M. Barre's policies have brought. As a result of spiralling inflation, his whole neo-liberal approach to economics has come under attack, all the more because the sacrifices he has demanded from the working population have not been matched by promised improvements in certain essential areas.

One of the main sacrifices has been the acceptance of a high rate of unemployment as the natural corollary of restrictive economic policies which have kept the growth of GNP down to well below 4 per cent. In 1979, on the most optimistic assumptions, the economy is expected to expand by a bare 3 per cent. Unemployment has been further exacerbated by the Government's industrial strategy, the otherwise praiseworthy aim of which is to make French industry internationally competitive.


Like minds: M. Raymond Barre, the Prime Minister, with President Valery Giscard d'Estaing.

Lame ducks, as M. Barre has repeatedly emphasised, have no place in this strategy. The Government quickly put this principle into practice with its radical plan to rationalise the hopelessly debt-ridden steel industry. The progressive lay-offs of some 20,000 workers in Lorraine and Northern France provoked an outbreak of workers' unrest and violence, the like of which France has not seen for a very long time. If, finally, the Government's plan has been reluctantly accepted by all the unions except for the Communist-led CGT, it was not only because of the generous financial compensation and comprehensive resettlement and retraining schemes offered by the authorities. Certainly an important factor was that the country's economic prospects looked much brighter a few months ago than they do now and that important elections were still a long way off.

Within the last three years, the number of unsatisfied job applications has risen by something like 480,000, an increase of more than 50 per cent, in spite of the adoption by the Government of two special employment schemes and the departure from France of tens of thousands of immigrant workers, lured home by French Government golden handshakes.

The Government's disappointing record on inflation and employment must be set against M. Barre's success—however temporary—in bringing the balance of payments under control. At the end of last year, France's current account was in surplus to the tune of FFr 18.6bn (nearly £2bn), compared with a deficit of FFr 16.4bn in 1977—and the trade balance also swung into a FFr 2.5bn surplus after two successive years of deficit.

Even this achievement has been undermined, however, by the sharp rise in oil prices this year. This is expected to add some FFr 18bn to the country's oil import bill in 1979 and as much as FFr 30bn in 1980. Given that France is dependent on imports for some 75 per cent of its energy requirements, the outlook is also less than bright on this front. Not only has the basic price of imported oil increased by leaps and bounds, but the recent hardening of the dollar has made it even more expensive for the French. As a result, the country is expected to have a trade deficit of at least FFr 10bn this year, although there are still hopes that the current account will show a small surplus.

Any objective assessment of M. Barre's three-year record must, of course, take into account the impact of oil-price rises on the international economic climate and thus on the French economy. The Prime Minister can argue with some justification that he had had the carpet pulled from under his feet by the OPEC decisions. As short a time ago as the beginning of this year, all the indicators were pointing upwards. The industrial production index had reached its highest level since before the 1974 recession, consumer spending was booming, and prospects for exports were good, thanks to the economic upswing in West Germany, France's single biggest market.

For the unions and opposition parties, however, it is the score card that counts, and for them this has come out well above par. Their frantic activity in the middle of the summer holidays is an indication that they will try to make the maximum political capital out of what they consider to be the failure of President Giscard d'Estaing's and M. Barre's economic policies.

Although M. Barre has been set up as the scapegoat, there can be no doubt that the guns are trained firmly on the President, as he prepares to run for a second term in 1981. For M. Giscard d'Estaing this presents a particularly tricky problem. The President has always made it clear that he supports his Prime Minister to the hilt. The freeing of prices, the cooling down of the economy as a means of fighting inflation and restoring the balance of payments and, not least, the emphasis on private enterprise and competition and the phasing out of *dirigiste* policies—are all as much part of President Giscard's philosophy as they are of M. Barre's.

President Giscard, however, has even bigger fish to fry than has M. Barre. He is clearly anxious to be re-elected as President, while M. Barre, who insists that he is not a politician, has frequently said that he would be quite happy to return to academic life as an economics professor, when the time comes. While President Giscard may be prepared to make concessions to achieve his political ambitions, M. Barre has always emphasised that he will stick firmly to his principles. And those principles imply a continuation of his austerity policies until the recovery of the French economy is complete.

Until recently, it was widely believed that President Giscard had decided to retain his Prime Minister until the presidential election in early 1981. Assuming that he wins the election, he was then expected to appoint a new Head of Government. But the growing opposition to the Government's economic policies could bring about a change in the picture.

Much will depend on the success that the unions have over the next few weeks in marshalling their troops and organising strikes, and, even more, on the ability of the Socialist and Communist parties to join forces in fighting the Government.

A straw in the wind is the proposal by M. Mitterrand—anxious to have another try at the Presidency, in spite of two previous defeats—to revive the old alliance with the Communists.

For the moment, there is no more than a slim chance that this proposal will materialise, because of the deep mutual suspicion which still marks the relations between the two main parties of the Left, following their suicidal quarrels in the autumn of 1977 and the beginning of 1978.

Both the Socialists and Communists are wary of signing a new pact, to say nothing of a common programme, after their disastrous experience last time. The Communists, in particular, do not want to give the impression at this stage that they would be prepared to support M. Mitterrand as the joint candidate of the Left. They are more concerned with building up their own support in the country.

The Socialist and Communist leaders have thus been talking in terms of joint action by their militants, rather than an agreement between their two executives. If this co-operation at rank-and-file level proves to be effective, then a formal agreement sealing a new Union of the Left could always be signed at a later stage, according to M. Mitterrand.

These cautious manoeuvres on the Left are hardly sufficiently serious to give President Giscard any immediate sleepless nights. But discontent with the Government's economic policies is building up so fast that it could provide the cement which the Union of the Left so obviously lacks rather sooner than might be expected. In that case, the President would have to review his strategy and M. Barre might be in danger of being cast in the role of sacrificial lamb.

MEN AND MATTERS

Strangers in the night

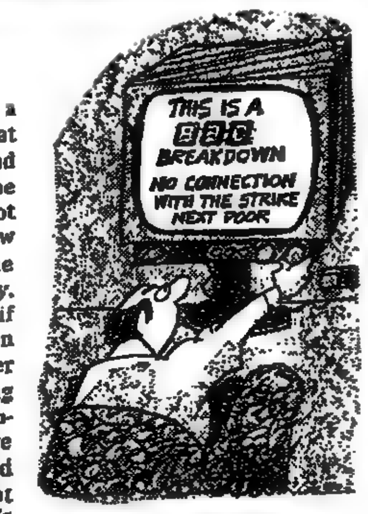
Drama on the high seas of a highly disagreeable nature, or at least the threat of it, lies behind the row between Lloyds and the Kuwaitis about whether or not the Gulf is a war zone. Few would argue that the Gulf is as safe a place as, say, Bournemouth—particularly if one happens to be travelling on a Very Large Crude Carrier (VLCC). The word among tanker owners of my acquaintaince is that fleet owners have this week received two telexed warnings from their agents that they should move their VLCCs through the 30-mile wide Straits of Hormuz only by night, and then with lights doused. This is because of persistent reports that terrorists are planning to block the Straits by blowing up a fully-laden tanker with rockets.

Such an alarming prospect raises a further dilemma for the tanker operators. If they take such well-intentioned advice, what will the insurers have to say?

The view in Lime Street is that, if anything, switching the lights off changes the odds, for the worse. Insurance specialist Michael Miller, a partner of Thomas R. Miller, professed himself "horrified" by this method of avoiding the attentions of the PLO. "Any leading underwriter would react in the same way as I do—that is, to have 50 blue fits."

It does not take any great feat of the imagination to realise that an oil tanker, decorated with fairy lights or not, is a highly vulnerable target. Without the minimum six-mile visibility for the masthead lights, and 3 miles for the side and stern lights, such ships are sailing into a legal minefield as well.

In the event of a collision there is, says Miller, a serious threat of a "privity situation," which is the equivalent, in insurance terms, of falling down a manhole. It means quite simply that the tanker-owner has



to bear his own losses. "If sailing with lights doused is not 'wilful misconduct of the assured'—it's getting damned close," he says, without being able to offer any more practical tips for avoiding bazookas. Literally, a devil and deep blue sea situation, one might say.

Tea-times table

Talbot, sorry, Chrysler workers in Coventry, worried about the threat to their cherished tea breaks, will be relieved to hear that they have powerful allies at the headquarters of their new owners in Paris, Peugeot. A colleague who telephoned their press department at 11.50 am yesterday had to sit through some tasteful classical music before being informed that no-one, not even a secretary, was available. Accustomed to the near-total shutdown of Paris offices during August, our man in France nonetheless expressed surprise at such wholesale absenteeism.

The lunch hour at Peugeot's starts at 11.15 am, the switchboard lady coolly informed him: "Why don't you call back at 2 pm?" That makes a 2-hour 45 minutes combined elevenses and lunch hour, according to my calculations converted to the Coventry rate: 11 15-minute tea breaks.

Needing a drink

Although Coke-aholics can get their favourite beverage in China these days, the world's most aggressive advertiser has encountered an unusual hurdle. Advertising for Coca-Cola was apparently refused by China's only agency with the flat explanation: "Earnings are not our aim. We must see whether we need the product in our country before we advertise." Quite how this went down with executives given to remarks like "Coca-Cola is everything I exist for" is not, unfortunately, recorded. To the chain-drinking staff at mission control in Atlanta, Georgia, the idea that anyone can do without Coke must be enough, almost, to drive them to something stronger.

Cold shower

The Ford Motor Company is in hot water with the Welsh Tourist Board as a result of its latest advertising campaign for Ford D series trucks. Under the headline "We'd like to tell you a dirty story," it describes their study of performance under adverse weather and ground conditions in open-cast coal mining in South Wales. "Un-made roads, slag heaps, mud (will it never stop raining in Wales?), the advertisement asks.

Lord Gordon Parry, chairman of the Welsh Tourist Board is not amused. "Wales has some of the finest weather in Europe and beautiful scenery to go with it," he says. He attributes the impression of pervasive gloom to flying visits by Ford executives in connection with the company's new engine plant at Bridgend. "If they stayed a little longer, they might realise that it is not only as beautiful as America, but has fine weather as well. It is like judging British sailing conditions on last week's Fastnet race."

John Hitcham, head of Ford Trucks' advertising and promotion, claims to be unrependent. He has, he says, first-hand knowledge of Wales because he once served a stint in Bristol: "Every time I crossed the Severn Bridge it was raining on the Welsh side."

But while the slag heaps and potholes remain in the eight advertisements Ford is to run in national newspapers, it seems that references to the weather are being discreetly excised. This may be after some advice from the Met. Office, which — in retrospect at least —can be relied on to get things right. According to their statistics, between 30 and 35 inches of rain fall on Ford's three Welsh plants—the same as on Detroit and Dagenham.

Wild Wickham

In my colleague Chris Parkes' recent study of the art of pub-sign painting readers were asked if they could help unravel the mystery of a pub in Worcestershire called the Child Wickham. Whitbread Flowers' chief artist delved into the pub deeds and the parish register, and interrogated local historians —all to no avail. He may be interested to hear that, according to reader Christopher Lyttelton, Dr. Spooner once lived in the area and, I am assured, took the odd glass at a hostelry known as the Wild Chicken.

Grand cover-up

Who said the small man was being squeezed out? The latest issue of *First Voice*, monthly news sheet of the National Federation of Self Employed and Small Business, includes an advertisement offering "A Complete Roofing Service Covering the Whole of Hampshire."

Observer

هكذا من الأصل

When being an ex-Labour MP is not an asset

By ELINOR GOODMAN, Lobby Staff

NEXPECTEDLY AVAIL-
ELE: Specialist in general
fairs, with a record
loyalty (see Hansard) and a
de experience of dealing
ith people and Government
epartments. Articulate and
sed to working long, unsocial
ours. Nothing too physical
referred. Available for inter-
iews anywhere, anytime.

US MIGHT have read the
pposite advertisement in the
uation wanted columns on
ay 5 for the 65 MPs who lost
eir seats in the general
ection. Many of these dropped
to the job market—in some
ses after as long as 25 years
it of it—were past the first
ish of youth and some of them
longer had the skills, or the
clination, to go back to the
bs they had before entering
arliament. For some, being an
P and perhaps a local coun-
llor before that, was the only
ualification they could offer the
itside world, and, as a few
ion found this was not a
articularly marketable asset.

Nevertheless, in the four
ionths since the election, over
vo thirds of the ex-MPs seem to
ave found some form of
mployment. A few have been
ffered jobs largely because they
ere once respected Members of
arliament; and for the small
luster of big political
aminaries who lost their seats,
he problem has not been so
nuch finding a job, but deciding
which one to take.

Mrs. Shirley Williams, 1979's
est loved political casualty, was
ombarded with offers before
he settled for a combination of
art time work at the Policy
Studies Institute and a contract
o do six TV programmes for the
BBC. Mr. John Pardoe, the
Liberals' economic spokesman,
is also doing some work for the
Institute, while working as a
directer of Sight and Sound.

Meanwhile, Mr. Alan Lee Williams, who when he last lost his seat in 1970 was photographed at work on a tractor, now seems to have fallen on his feet as director general of the English Speaking Union.

Others—like Mr. Bill Price formerly Parliamentary Secretary at the Privy Council Office, who bought himself a pub a few years ago and is combining running it with a consultancy for the National Union of Licensed Victuallers—have been able to make their own arrangements, and some of the union-sponsored MPs have been taken back into union work. All but one of the five Tories who lost their seats have been able to pick up their old jobs where they left off as have some of the Scottish Nationalists.

Tax free

Because all defeated MPs get three months tax-free severance pay, totalling around £1,750 and can draw the dole from day one if they want to, none seems to have got into real financial difficulties. In some respects, therefore, they appear to have done better as a group than *redundant executives* who, though possibly getting larger cash pay-offs, have to wait an average of nine months before finding a job.

Even so, the time since the election has not been particularly happy for many of those who lost their seats. The much *reported ease with which people* like Mrs. Williams have been able to find a job has only served to highlight the compromises others have had to make.

A minority, like Mr. Bryan Davies, a former polytechnic lecturer who was beaten at Enfield North, have worked as *labourers in between filling in* time with the odd lecturing job.

A rather larger proportion have either had to take jobs which were below their original expectations or ones which they regard as temporary. For the majority of former Labour MPs finding a job has been a reminder of the hard facts of life outside Westminster. Indeed, listening to some Labour casualties talking, it sometimes seems as if the world has deliberately conspired to put them in their place.

One, for example, who walked in off the street in response to an advertisement in a window for interviewers, was literally shown the door the moment he said what he had been. The fact he had been a left-winger *was apparently irrelevant compared* to the far graver sin of having been an MP at all.

Others have found the contacts they made in office peculiarly unhelpful outside. Those who have signed on the Professional and Executive Register at the Employment Exchange have found it very difficult to convince the people behind the desk that they really do not know anybody who can ease them back into a job. Though some admit to having enjoyed the freedom of the last few months, others are quite bitter about their experiences.

The bitterness is largely confined to ex-Labour MPs who believe that it is much easier for Tories to go back to their normal working lives because *many of them retained one foot* in the outside world while at Westminster. One MP talks about the "closed shop" operated by both management and unions. Others complain that while industrialists always seem to be bemoaning the lack of experience of management on the Labour benches, they do not actually want to risk employing somebody who might return to active politics. Of the 30 or so former Labour MPs contacted by the Financial Times, none is going into private industry and only a handful, like Mr. Mike Noble, are operating on the fringes of the private sector as consultants of some kind.

Hugh Routledge

Ex-Labour MP Bill Price, now keeper of a pub in the Forest of Dean.

Haphazard

The biggest sources of work for redundant Labour MPs have been the media and education in its widest sense: "lecturing" is a word *much* used by ex-MPs to describe what one suspects is a fairly haphazard way of life.

Television's biggest coup is undoubtedly persuading Mrs. Shirley Williams to swap seats and act as the interviewer for a series of programmes the BBC is doing on political leaders. But Ms Margaret Jackson, a junior minister in Mrs. Williams' old Department of Education, Mr. Bryan Gould and Mrs. Helene Hayman have all signed up for television journalism. Others like Mr. Max Madden and the deposed Scottish Nationalists, Mrs. Margaret Bain, have turned to freelance journalism.

Another group, including Mr. Anthony Wedgwood Benn's former parliamentary private secretary and political ally, Mr. Brian Sedgemore, and M/s Maureen Colquhoun, are apparently drawing on their political experiences to write books. Since a number of former Labour ministers, including Mr. Denis Healey, now preparing a book on photography, and his Chief Secretary at the Treasury, Mr. Joel Barnett, are using their time in opposition to write, the reading public looks like being bombarded by the works of Labour.

Of the 45 Labour MPs who lost their seats, 15 had previously worked in education. *The majority seem to have got* back into the field in some form or other, though in some cases their contracts are worryingly short. Some, like Mr. Tom Litterick, were able to persuade their old universities to take them back. But others, like Mr. Alf Bates, a former Government whip, had still not found anything last week.

It has been the teachers and lecturers among the ex-Labour MPs who have been made most *aware of both their Government's*, and the present Government's, public expenditure cuts. Not only have teaching jobs already been cut, but potential employers are apparently anticipating future cuts by postponing filling vacancies until the last possible moment.

Some of the former lecturers, like Mr. Bryan Davies, would ideally prefer to find something different, but they say industry does not seem to have any idea of how to use what they admit are the very general and loosely defined talents of MPs. Some companies seem uncertain how to treat ex-MPs. On the one hand they cannot believe that a *former* MP would accept a relatively junior job. On the other, they are worried about upsetting the existing hierarchy by appearing to give somebody a job because he has been in Parliament.

More fundamentally, companies often want a firm assurance that the politician will not be rushing back to Westminster at the first possible opportunity. *Former MPs are almost invariably* asked how long they would be prepared to stay with a company rather in the same way women applying *for* management positions are grilled about whether they ever intend having babies. Such questions are based on the misapprehension that well-behaved ex-Labour MPs only have to ask for a seat to get one, and some former members therefore find them irritating. Even so, they have to concede that there are problems of commitment and that because they may be trying to nurse a seat back into Labour hands, they lack the freedom to up sticks and move to where the jobs are.

Old jobs

A few Labour MPs have been able to pick up their old jobs *where they left off*. Mr. John Cronin, for example, is a surgeon, while Mr. George Rodgers, one of the three former MPs who failed to get the nomination *last week for Mr. Harold Lever's* seat in Manchester Central, has persuaded his old employers to pay him for three weeks at a welders' rate even though he is not actually doing any welding for them.

But, in general, it seems that *it is much easier for Tories who* lose their seats to ease back into their old jobs than it is for Labour politicians who are more likely to have regarded being an MP as a full time occupation. The four Conservatives who won seats in by-elections only to lose them in the general election, all did some work for *their* old employers while MPs. In the same way, Mr. Douglas Henderson, the SNP's spokesman on employment, has been able to pick up the threads as a management consultant.

Finding a job is not the only adjustment politicians have to make when they lose their seats. Some privately admit to having some problems of identity. Others say that they do not know what to do with their evenings having for so long spent them at Westminster, and that they find the discipline of working ordinary hours very disconcerting.

But for most of those still looking for work, or making do with some temporary job, such problems of adjustment seem insignificant.

Even so, not all the MPs who lost their seats are worried about work. Some, like Mr. Doug Hoyle, one of the three former *MPs who tried for Manchester* Central, have not really tried to find jobs yet. Others manage to see the bright side of the situation.

One former MP, who when in Parliament had an ability to make political capital out of practically anything, is going round *describing himself* as a "blood and guts example of the failure of the Government's policies to switch resources from the public to the private sector."

According to him, a period out of work is good experience for a Labour MP—provided it is not for too long.

In yesterday's Economic Viewpoint the bottom line in the table and the final figure in the chart were erroneously calculated and should be ignored. Anthony Harris will be presenting modified figures in Tuesday's Lombard column.

Letters to the Editor

Perks, tax and transport

From Mr. L. Duffield

Sir,—It is a very, very long time since I found myself so strongly disagreeing with an editorial as I did yours of August 20 on the subject of "Perks and the tax base."

It seems that the politics of *envy are now so entrenched in* our society that both logic and justice must be suborned. The recent practice of providing suits, holidays, medical benefits etc., which have come about as a result of pay pauses and so on, are clearly substitutes for salary and quite logically should be taxed as "pay in lieu."

The recent Revenue consultative document on "perks" which is not yet available here *in the West Country*, appears to concentrate its attention on cars as conferring 80 per cent of all "perks" and likely to yield a quite substantial sum by way of extra revenue, if taxed. It is germane to ask at this point whether it is not the case that we have been brainwashed into believing that the possession of a company car is automatically a "perk" first and a requirement second.

In fact much of the expansion in road transport has been forced upon industry by the change in industrial behaviour (where large companies centralise administration and expert services but have factories and depots scattered over a wide geographic area); and the great reduction in public transport both road and rail.

In 1976 the Revenue suggested a blunt instrument of scales of benefit appropriate to size, cost and use of car without regard to the actual benefit accruing and for the first time in history citizens were taxable on "emoluments" they may not have received. It was felt strongly at the time that this was another example of the "legislation of envy" introduced by the Party notorious *for previous examples of a* similar kind. That the original proposals were watered down in severity (but not in illogicality or injustice) was due to various practical representations and, not least, overt hostility from the then Opposition. Now paradox of paradoxes the new proposals are for much severer scales; greater illogicality and greater injustice, but this time emanating from the very source which so violently objected to the 1976 proposals.

The concept now is that lower rates of tax and no pay restrictions should eliminate the need for "perks" and in that context *the proposal to treat "perks"* as income is welcome. But the Government's intention is to tax "perks" and that by definition means determining exactly what those "perks" amount to.

It ought to be anathema to this administration for the Revenue to continue pleading, as it has for so many years, "administrative difficulty" as a justification for adopting broad scales irrespective of individual circumstances. It must be a *basic fundamental principle* that no citizen be asked to pay tax on a higher income than he is in fact entitled to receive.

It *would be naive to suppose* there are not blatant examples of abuse but for the vast majority companies are constrained by cash requirements alone to provide transport for individuals only where there is a genuine need and no equally efficient alternative. One might reasonably ask why it is that the Revenue seem constantly to harp on the Schedule E cases (that is those in employment), but skate over the much more *fertile ground for abuse* available to the self employed. Is it again a plea of "administrative difficulty?"

As to the proposal that certain pension provision premiums be disallowed for tax purposes (or treated as income of the person for whom they are paid), *this is a proposition* almost beneath contempt. For if the prospective pensioner lives long enough to collect the pension it is taxed as it is paid and if he dies in service the premiums paid are returned to the paying company. Perhaps this suggestion would be less odious if civil servants (and the Revenue in particular) were agreeable to having the annualised cost of their future "inflation proof" pensions added to *their salaries for tax purposes.*

L. G. Duffield.
Lowman Manufacturing Co.,
The Island,
Lowman Green,
Tiverton, Devon.

Overseas students

From the Executive Committee Chairman and Executive Secretary, UK Council for Overseas Student Affairs

Sir,—Michael Dixon (August 10) does not appear to have done his homework in giving credence to a Government case for "full cost" fees for overseas students which makes little economic sense and ignores the weight of evidence and informed opinion against such a move.

It is unfortunate that in such a detailed examination of the issue *your correspondent does* not record that an assurance was given by Baroness Young, Minister of State, Department of Education and Science, in the House of Lords on July 5 that "we shall also take full account of the longer-term trade benefits which may well accrue" in *framing future policy.* For it does not appear that the Government has done any such thing if reports of further increases to come are accurate. It seems to us uneconomic and short-sighted for the Government to ignore completely the foreign exchange earnings (£300m in 1977—the latest available official statistics), trade benefits and research *inputs of overseas students in* putting forward a case for "full cost" fees. It is also in our view wrong for average costs to be used in calculating the "subsidy" when overseas students clearly represent students "on the margin." The exception to this general rule is to be found on some post-graduate courses, where the students' contribution to research more than outweighs any notional subsidy.

Your correspondent's detailed analysis of recent figures masks the unchallenged fact that we are almost alone in the world in charging differential fees for overseas students, let alone the exaggerated rates now proposed. It should also be remembered that the students in the figures *quoted already* pay "full cost" fees where they are on courses specifically arranged for students from overseas. Moreover, in highlighting the increasing proportion of students from "richer" countries and the decline of students from "poorer" ones your correspondent fails to draw the logical conclusion that this trend has been hastened since 1976 by successive fee increases out of all proportion to the rate of inflation. Nor does he raise the important question of whether ability to pay is becoming a more powerful criterion of eligibility than academic ability. Further rises will not only complete the process of pricing out the poor (both individuals and countries) but will divert students to the ever welcoming arms of other countries, notably the U.S. and USSR, ultimately to our own cost.

Far from "saving" public funds, we are in danger of killing the goose that lays the golden egg; and if we ruin the international atmosphere and academic standards of our educational institutions in the process, that is also our loss. Perhaps we should also not lose sight of the fact that each year thousands of British students seek to broaden their education by further study abroad—many in the other countries of the EEC.

Robert Watson,
William Beale.
UK Council for Overseas Student Affairs,
60, Westbourne Grove, W2.

Developing countries

From Mr. B. Zlataric

Sir,—In his article dealing with the world conference on agricultural reform and rural development (August 7) Mr. A. Harris handled, in masterly fashion the complexity of rural development and advocated with vigour the need for a two-way traffic between Governments and organisations representing rural people in the total process of development.

I would like to add a few facts which, I believe, will strengthen the points made by Mr. Harris and which represent the key factors and leverage of rural development.

Governments *themselves*, and, through their policies, all other sectors of the economy, should adequately contribute to rural development. Short of this, notwithstanding *land reform*, rural people will be left alone with their inadequate resources, as a prey to exploitation in their own communities, or in areas of migration.

Experience has shown that the smallest farm can become a productive unit, if there is group *action, provision of collective* services; plant or equipment tailored to the specific needs of the situation. No rigid rule, like collective ownership of land alone can do the trick. The aim should be to attain local economic power for small farmers through their organisations, such as co-operatives and other associations.

Farmers' organisations should not be rigid, discriminatory or monopolistic. There should be a pluralistic approach, thus all type of small and/or medium size farmers, should find their expression and interest through these organisations.

With the support of Governments, the objectives of these organisations should be to assist small farmers to retain as big as possible a share in the price of the end products. This should be implemented at the local, and, wherever possible, international level. Producers of developing countries, do no retain more than 10-20 per cent of the price at which final products based on their raw materials are sold. (Total value about $300bn.) This is an area where resources should be tapped for further development of rural communities. Thus, Governments should not obstruct efforts of producers' organisations, like co-operatives, to enter the business of foreign trade. They should create conditions, inducing farmer's organisations to take over gradually foreign trade business operations from government monopolies and private trade.

Examples show that the above aims can be achieved, and that only through methods of generating more food production and higher income in rural areas, a solid foundation for rural development is created. *Results achieved in this direction* will reduce disillusion, inspire confidence and enhance international co-operation.

B. Zlataric.
Reform Club.
Pall Mall,
SW1.

The price of coal

From Mr. E. Schofield

Sir,—John Lloyd, quoting from the Electricity Council development plan in his article "Report backs nuclear growth" (August 13), *states that* "coal prices will rise roughly in line with oil."

While one can see this is likely to happen in the case of gas, the vertical climb of the oil price graph, spread over a depletion of 20 years, is surely unlikely to be matched by that of coal with an estimated 300-year reserve. The National Coal Board may have yielded to the normal commercial temptation to increase its prices to "that *which the market would stand*"; but even with increased demand a 300:20 ratio leaves a fair margin for manoeuvre.

Additionally, what effects are the new recovery techniques under review likely to have on the cost of producing a coal-based fuel?

E. Schofield.
The Old Malt House,
North Curry, Taunton,
Somerset.

Great greenfly count

From Mr. C. Robinson

Sir,—Your article (August 21) on the greenfly plague asserts that, at the height of the invasion, there were:

(a) 14m greenfly for each member of the population.
(b) 800,000m greenfly.
(c) 15,000 greenfly to the ounce.
(d) 200,000 tons of greenfly.
(e) 400m greenfly per acre of wheat.

If these facts are correct they seem to be less newsworthy *than the following facts* which can be deduced from the above figures:

(a) The population of the UK has been reduced to 57,000.
(b) From now on there are only 533 ounces to a ton instead of 35,840.
(c) There are less than 2,000 acres of wheat in the country.

Incidentally, the greenfly placed end to end would reach to the moon and back nearly three times.

C. Robinson.
Worsley House,
4, West Side,
Wimbledon Common, SW19.

Today's Events

GENERAL

UK: Mersey dockers meet to discuss strike.

Advisory, Conciliation and Arbitration Service meets engineering unions to discuss strike plans.

Edmund Nuttall, construction company, in Gravesend Crown Court, on charges of violating health and safety regulations, *following power station cage* death crash last year.

Overseas: Vice President Walter Mondale, of the U.S., visits Peking.

Chinese economic delegation, led by State Economic Commission Vice-Minister Ma Yi, on five-week visit to Japan.

COMPANY RESULTS

Final dividends: Howard *Tenens Services*. Leigh Mills Company. Second Alliance Trust. Interim dividends: Alliance Trust Company. W. N. Sharpe Holdings. Ward Holdings.

COMPANY MEETINGS

John J. Lees, Albany Hotel, Bothwell Street, Glasgow, 12. Lennons, Abbotts Well, Chester, 12. R. W. Toothill, Durham Way, Aycliffe Industrial Estate, Darlington, Durham, 12.

LUNCHTIME MUSIC, London

Metropolitan Police Band concert, Tower Place, noon to 2.00 pm.

Travelling Voice Pop Band, St. Martin-within-Ludgate, 12.15 pm.

Works by Fontana, Biber, Handel and Bach played by Petronella Dittmer (violin) and Richard Coulson (organ), St. Lawrence Jewry next Guildhall, 1.0 pm.

Ninian profit helps ICI to £260m at halfway

INCLUDING £17m oil profits, principally from the Ninian Field, second quarter 1979 profits of Imperial Chemical Industries recovered strongly to £162m, compared with a depressed £98m for the first three months. The interim dividend is stepped up from 10p to 12p.

The improvement in the second quarter was particularly evident in the UK and Continental Western Europe. The directors explain that this was due mainly to the increased volume of business, but there was also some increase in selling prices. However, by the end of the quarter profit margins were beginning to narrow.

Oil profits, mainly from the Ninian Field are now making a significant contribution: in the second quarter this amounted to £17m after providing for petroleum revenue tax of £6m.

Second quarter profits compared with £139m in the same period of 1978 and takes the total for the first half of 1979 from £251m to £260m—on a CCA basis the profit, before tax, is reduced by £205m (£137m). The profit was after providing for an exchange loss of £29m (£4m), with £20m (£3m credit) in the second quarter.

Group sales in the first half increased from £2.22bn to £2.57bn—the value of sales in the UK rose by £175m to £1.05bn and in overseas markets by £176m to £1.52bn. Sales in the second quarter moved up from £1.19bn to £1.38bn reflecting volume improvements—the first quarter was affected by the haulage strike—and price rises following increased feedstock costs.

At the end of the first quarter the directors said the haulage dispute cost the group sales approaching £100m, and only about half had been recovered. Total sales value was maintained at nearly the previous quarter's level but due to the haulage strike, the repercussions of which were still being felt, profits in the three months were reduced by about £20m.

The directors say CCA adjustments have a particular relevance to the long-term impact of inflation on the group's results and for this reason, after the end of this financial year, they will be published only on an annual basis.

After minorities, and an extraordinary item of £21m (£5m) the first half attributable balance comes out at £178m, against £181m. The extraordinary item includes £15m for loan guarantees relating to the company's investment in Cleveland Potash. The interim dividend absorbs £70m—the total for 1978 was 18.4569p paid from profits of £421m.

	First half 1979 £m	1978 £m
External sales	2,567	2,216
Profit bef. tax & grants	260	251
After—		
Depreciation	118	107
Exchange loss	29	4
Taxation less grants	53	56
Net profit	207	195
Minorities	8	9
Extraordinary items	21	5
Applicable to parent	178	181

The tax charge for the first half and comparative figures are in accordance with SSAP 15. The charge consists of £26m UK corporation tax (1978 £38m) less an £11m credit for Government grants (£11m), overseas tax £31m (£25m) and £7m on the profits of principal associates (£4m).

See Lex

Modest profit increase forecast by Distillers

ALTHOUGH confident about the long-term, Mr. J. R. Cater, chairman of the Distillers Company says that for the current year he cannot reasonably predict more than a modest improvement on the 1978-79 results.

Large oil price increases must signal a slowdown in world trade, while the strength of sterling and rising inflation will make exporting more difficult, he states.

While the effect upon sales volumes cannot be gauged, the chairman feels it would be imprudent to forecast more than a small increase over 1978-79.

Group turnover, excluding duty, in the year to March 31, 1979, rose by some 8 per cent and, because percentage net margins were generally maintained group trading profit rose in proportion from £160.6m to £173.9m.

The chairman points out that the backlog of Scotch whisky shipments, caused by the transport strike, resulted in the deferment of about £3.5m trading profit into the current year.

Following the change of accounting policy in accordance with SSAP 15 the year's tax charge is reduced by £36.7m. Nevertheless, tax paid in the year rose from £28.7m to £50.6m.

An analysis of turnover: £940.2m (£876.1m) and trading profit by product groups shows: whisky £497.2m (£457.4m) and £146.5m (£136.0m); gin, vodka and other potable products £295.8m (£280.0m) and £21.1m (£19.2m); other interests £147.2m (£138.7m) and £9.3m (£8.1m). Unallocated expenses less income absorb 3m (£2.7m).

Current cost accounts show a reduction from £173.9m to £113.3m in the trading profit. The reduction comprises additional cost of sales £46.6m and additional depreciation £14m.

The chairman claims that if a monetary working capital adjustment and a gearing adjustment on the lines proposed in ED 24 had been incorporated into the group's CCA accounts the former would have reduced the reported profit, before tax, by about £4m and the latter would have increased it by just over £4m.

The presentation the group prefers incorporates current replacement values in accounting for stocks, fixed assets and other non-monetary items, but also indicates the effect of currency debasement.

The group has shown CCA accounts prepared as at March 1978 updated by a general factor which compensates for the estimated change in the value of the pound between March 1978 and March 1979.

Whereas the 1979 trading profit of £113.3m is £14.1m higher than that reported at March 1978, comparison with the updated 1978 figure of £108.9m shows the increase to be £4.4m only. Earnings of 16p are 3.11p above the original 1978 figure but only 1.85p greater than the updated 1978 earnings.

Commenting on Scotch whisky production Mr. Cater reports that output from all of the distilleries was fully maintained, with production planned to provide the stocks for projected world sales.

The chairman says that although total group sales in the UK increased in volume during the year, the March industry clearances, when published, will show that the group's overall share of the market had declined.

Earnings from exports of whisky were generally satisfactory, but strong price competition in many important areas continued to make the retention of market share by volume difficult.

Total group exports of Scotch whisky were almost unchanged though these were to some extent held back by the transport strike. The chairman says that exports did not, for the first time for some years, match that achieved by industry in general. He doubts that world consumption outside the UK increased to the sort of level shown by Government statistics.

The group's forward estimates of sales potentials did not predict such an increase and in the event the chairman says that he was neither surprised nor discouraged by the group's sales level.

In March the group sold £300,000 of BP stock throwing up a surplus of £2.4m. The balance of stock held at March 31 was £5.8m.

Expenditure on fixed assets during the year amounted to £21.5m (£19.4m). At the year end contracted capital expenditure outstanding amounts to some £11m (£9.4m) while expenditure authorised but uncontracted stood at £24.5m (£19.2m).

A funds statement shows a decrease in net liquid funds of £32.9m (£33.1m increase). The book value of stocks increased by £67m to £604m—much of this was in the whisky sector resulting from a combination of the higher distillation programme and the effect of inflation on costs. Debtors stood at a high level of £176.4m because of exceptional duty-paid sales of whisky ahead of the April Budget. This distortion probably more than accounted for the decrease in net liquid funds, explains Mr. Cater.

At the year-end the aggregate borrowings amounted to £154.9m against £153m. This included £48.2m (£6.9m) repayable within one year or on demand, and £3.6m (£28.5m) between one year and two years.

It is estimated that for CCA purposes the value of land and buildings at March 31 was some £214.2m, compared with an historic book value of £70.9m.

Meeting Edinburgh, September 20 at 12.15 pm.

See Lex

More company news Page 22

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Aeronautical and Gen.	2.8	—	2.55	2.8	2.55
AI Industrials ......int.	0.85	—	1.65	—	4.54
Brit. Assets Tst. 3rd int.	1.01	Oct. 8	0.85	—	2.4
T. Clarke ......int.	0.53	—	0.44	—	0.96
Hill and Smith ......int.	1	Oct. 1	0.75	—	3
House of Fraser ......int.	2	Dec. 5	1.57*	—	4.44*
Imperial Chemical ...in.	12.0	Nov. 9	10.0	—	18.47
Kennedy Smale	1.18	—	0.8	2.06	1.6
R. and J. Pullman	4.95†	—	4.25	¶6.97	6.06
Queens Moat ......int.	0.37	—	0.25	—	0.52
Stewart Nairn	0.15	Oct. 5	nil	0.15	nil
J. Stocks	7.5	Sept. 8	3.33	8.5	4.33
Wm. Whittingham ...int.	2	Nov. 1	nil	—	2.01

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes 0.3p relative to special payments from Shell, BP and Unilever. Further 0.3p from same source will be paid in January. ¶ For 13 months.

Newarthill expects at least £9.26m

TAXABLE profits of Newarthill were slightly lower in the half-year to April 30, 1979, at £5.16m, against £5.41m. But the directors expect the full-year surplus at least to equal the £9.26m achieved last time.

They add that the interim results reflect the bad winter, but the expansion of the company's allied activities has materially helped the profit.

Turnover was virtually unchanged at £72.7m, against £72.5m. Tax took £2.74m, compared with £2.67m.

There are extraordinary credits of £152,000 (£196,000). Associated companies' profits of £444,000 (£544,000) have been included for the first time and comparisons adjusted.

Principal activities of the group, which takes in the family interest of Sir Robert McAlpine, are construction, property and investment, and aircraft chartering.

● comment

Newarthill's interests in property, investments and aviation have broadly mitigated the effects of a dreadful winter on the construction side. The shares climbed 6p yesterday to 176p where, on the conservative assumption that full year profits are unchanged, the fully taxed p/e is an undemanding 6.4. No indication has, as yet, been given of the likely final dividend but there should be a good deal of scope to improve an historic yield of just 4.2 per cent for the cover would be approaching six times. The group's property interests are said to be proportionately higher than those of Taylor Woodrow and Wimpey and the share price is thought to stand at a significant discount to asset backing. No revaluation, however, is planned and it seems probable that construction and aviation earnings, rather than assets, will remain the best assessment of the rating.

AI Industrial profit slump at midway: interim dividend cut

PROFITS before tax of AI Industrial Products were more than halved from £565,000 to £251,000 in the first half of 1979 and in view of trading uncertainties, the directors are cutting the interim dividend from 1.65p to 0.85p.

The final dividend will depend on circumstances in the new year, mainly with regard to demand for insulators and fittings, the Board adds.

Last year, the group, formerly Allied Insulators, paid a total dividend of 4.5375p when pre-tax totalled £1.22m (£1.45m).

The directors say the first-half profit fall followed a considerable increase in finance charges required to service funding of the continuing investment programme. Net finance charges amounted to £218,000 against £73,000.

Trading surplus was down 20 per cent and although an improvement in trading surplus is budgeted for the second half, this has already been jeopardised by industrial action by the engineering unions.

"Any action of this nature which persists must in view of the adverse effect on cash flow, lead to a review of the metal products investment programme," Mr. Alan Lloyd, chairman, states.

The current high level of interest rates is having a material effect on net profitability, with loans and bank overdraft totalling almost £3m at June 30 and with further expenditure committed.

Adequate funds exist to finance current and forecast borrowings which mainly arise from the capital investment programme, the chairman says.

	Half year 1979 £000	1978 £000
External sales	10,489	9,318
Trading surplus	676	842
Depreciation	207	204
Trading profit	469	638
Finance charges	218	73
Profit before tax	251	565
Estimated tax	40	111
Net profit	211	454
Minorities	35	4
Extraordinary costs	102	—
Pref. div.	10	10
Interim ord.	83	161

● comment

A-I Industrial Products seems to be fighting a rear-guard action against a pursuing multitude of problems; pre-tax profits have dropped by nearly 56 per cent since last year's interim figures and sales have been nudged just 12.6 per cent higher, largely by inflation. The company has been beset by a downturn in orders for insulators, cutting sharply into earnings from its ceramics division. The group's metals division, meanwhile, has been afflicted by the transport strike and the harsh winter weather. Add to these headaches the high cost of funding the capital spending programme, squeezed margins on exports (75 per cent of group sales are exports) stemming from appreciating sterling values, and the engineering workers' strike and high second half redundancy costs, the shortfall may be far more pronounced by the year end. The Board has reacted by lowering the interim dividend by more than 48 per cent. The share price has also reflected the group's woes, dropping 3p to 37p. Profits could drop from £1.2m in 1978 to as low as £0.5m this year, and although some recovery might occur in 1980 if the capital improvements are successful, the shares remain highly vulnerable.

J. Stocks doubles dividend

SALES of Joseph Stocks and Sons (Holdings) increased from £40.8m to £44.6m and pre-tax profits rose to £655,823 for the year ended March 31, 1979, against £563,562 previously.

And a boost in the final dividend payout, from 3.329p to 7.5p net, virtually doubles the total for the year to 8.5p (4.329p) per 25p share.

At halfway the directors reported a slight advance in profit from £288,625 to £294,057 for this wholesale provision merchant, importer and distributor.

Tax for the full period took £313,383 (£285,821) after which earnings are shown as 38.0p (33.08p) per share.

A capital reorganisation is proposed, involving a one-for-nine issue followed by a subdivision of existing and new ordinary 25p shares into 5p shares.

These will be consolidated into 10p shares. The directors say the restructuring is to improve the shares' marketability.

At present 63 per cent of the equity is controlled by the directors and their families with ITC Pension Trust and ITC Investments holding a further 8.3 per cent, with the balance held by small investors.

Wm. Whittingham profits jump over £0.5m in first half

INCLUDING A £263,000 turnround to a £9,000 profit in the photographic division William Whittingham (Holdings) reports a jump in taxable profits from £36,000 to £608,000 for the half-year ended April 30, 1979.

Mr. John Wardle, the chairman, confirms the view that the year as a whole will show a further significant increase against the £1.25m for 1977-78. The group's main activity is property building and development, and this side showed a large increase.

The directors are paying a 2p (nil) net interim dividend per 12½p share—last year's final was 2.01p.

Careful consideration will be given to any recommendation of a final for the current year. The chairman says "there is patently a need for substantial retentions to permit the present extremely encouraging trend to continue."

Mr. Wardle says that the result of the photographic division is well in excess of budget, "and has exceeded my own hopes for the period." Normally, a substantial seasonal loss can be expected.

He adds that it will make a big contribution to second half profits despite difficulties occasioned by postal disruptions and the VAT increase which cannot be reflected in higher prices for many months.

Results of associates have not been included in the six months' figures as they are not available.

	Half year 1978-79 £000	1977-78 £000
Turnover	8,182	6,488
Profit	927	523
Develop. prop.	824	462
Invest. income	103	91
Interest	328	393
Photographic profit	9	†254
Profit before tax	608	36
Tax	28	18
Net profit	580	18
Minority interests	1	167
Attributable	579	85
Preference divs.	6,962	6,963
Interim ord.	124,792	—

† Loss.

● comment

First half growth from William Whittingham reveals a much better than expected performance in the photographic division. Pre-tax earnings overall have jumped nearly 16 times on a 26 per cent rise in turnover, pushing the share price 11p higher to 93p. The group's photographic side usually suffers a seasonal loss in the first half (£254,000 in the first half of 1978), but seems now to be winning a greater share of the market. The group's other major interest—property and development—has experienced a doubling of first-half profits over last year. Margins have been rising, as have sales. Although the current squeeze on mortgages could be deleterious, it is not expected to cut too deeply into the group's full-year income. After paying no interim dividend last year, the group has now decided on 2p. The total could be up to 5p, yielding 8 per cent at yesterday's price, with a cover of more than two times. This is based on projected earnings of £1.75m before taxes where the prospective p/e is about 7. The news from Whittingham is certainly good; tighter controls and prudently run operations seem to have resulted in positive movement on all fronts. But shareholders should remember that the group has had a fairly chequered history over the last 10 years. This is not to deprecate a solid showing, merely to temper the euphoria a little.

Record for Queen's Moat

Doubled interim profits are reported by Queens Moat Houses and the directors are confident of record results at the year-end.

The hotels group lifted profits from £156,000 to £322,000 in the half-year to July 15, 1979. Turnover was 18 per cent ahead at £5.66m.

The net interim dividend is lifted from 0.25p to 0.375p and Mr. John Bairstow, chairman, says that in view of the continued progress the directors expected to progressively increase dividends. Earnings per 5p share are shown up from 0.44p to 0.93p. Last year's total payment was 0.5157p from taxable profits of £446,000 (£264,000).

The improvement in margins further confirms the success of rationalisation. The policy of operating mainly commercial hotels has ensured the group is not liable to untoward tourist industry fluctuations.

R. Pullman on target with record £1.54m

IN LINE with the forecast last May, of not less than £1.5m, taxable profits of R. and J. Pullman finished the 13 months to April 30, 1979, at a record £1.54m, against £1.08m for the previous year. Turnover expanded from £12.84m to £19.27m.

Mr. Maurice Hope, the chairman, says that recent acquisitions are being successfully integrated, and overall sales are ahead of internal budgets.

	13 mths. 1978-79 £000	12 mths. 1977-78 £000
Turnover	19,266	12,835
Trading profit	1,692	1,188
Depreciation	157	107
Profit before tax	1,535	1,081
Tax	225	124
Net profit	1,310	957
Extraord. credit	—	17
Available	1,310	974
Pref. divs.	1	1
Interim ord.	138	108
Final proposed	339	243
Retained	832	623

He anticipates that this trend will continue and looks forward to another successful year.

Stated earnings per 5p share are 19.4p against 16.7p. The dividend for the 13 months is 6.97p (6.06p) net with a final payment of 4.95p, on capital increased by the 5-for-13 rights issue.

Also announced is a six-for-five scrip issue, and directors intend to increase the authorised capital to £1.42m to bring it more in line with the working capital of the group, which is a merchandiser and manufacturer of garments and textiles.

● comment

Stripping out the new acquisitions, Pullman's year-end sales show underlying growth of more than a fifth. Exports were steady at around £4.2m, so the increase is due entirely to the home market. In spite of the sharp increase in raw material prices, the leather clothing manufacturing business did exceptionally well, as did the babywear and children's dress activities, all of which serve the upper end of the market and are less directly exposed to any cutbacks in consumer spending. Over the past year the company has been concentrating on boosting its retail activities and this is continuing in the current year. From being principally a manufacturing company, Pullman is now achieving a quarter of its sales from retailing, thanks to the acquisition of Skincraft, Greens and C and V Fur Fashions. The only factors to dampen prospects in the immediate future is the unfavourable exchange rate, which is going to hit exports, and the declining numbers of tourists—an important source of custom. The shares, at 111p, are on a p/e of 5.5 while the yield is 9.4 per cent—a rating more in line with the textiles sector rather than stores.

Macarthys Pharmaceuticals raising £3m for expansion

ALMOST a month after announcing a profits increase of 18 per cent for the year to April 30, 1979, Macarthys Pharmaceuticals is proposing a rights issue to raise just over £3m.

A total of 2.63m new ordinary shares are being offered on the basis of one-for-four at 115p per share—a discount of 21 per cent on the overnight price. The shares eased 5p yesterday to 146p.

The directors explain that the rapid expansion of the group over the past three years has called for a significant additional investment in net current assets, a trend which is expected to continue.

In addition, capital spending for the current year is expected to be around £1.9m, including £0.6m on the completion of improvements to the factory of Macarthys Laboratories at Romford and the construction of a new factory for Dales Pharmaceuticals in Yorkshire.

This does not include any provision for the cost of additional retail chemist shops which may be purchased should suitable opportunities occur, the group adds.

For the current year a total dividend of not less than 6.5p net is forecast on the increased capital—an increase of at least a quarter.

Provisional allotment letters will be posted today and dealings in the new shares are expected to begin on August 28. The last date for acceptance is September 14.

The issue is being underwritten by London and Yorkshire Trust and the brokers are Williams de Broe Hill Chaplin and Co.

In his annual statement the chairman, Mr. A. R. Ritchie, says that despite the uncertainties in the current year, the company will continue to ensure that overheads are properly covered by operating profits.

"We have seen gross profit margins reduced in some of our divisions as a result of the highly competitive markets in which we now operate. But our increased trading profits during 1978-79 prove that we can run our business successfully under these conditions, and we are confident that the group will continue to prosper during the current year."

The accounts show that at year-end, total bank overdrafts and acceptance credits dropped from £4m to £3.8m. This was achieved by much tighter credit terms and control in the face of a stock rise from £13.85m to £17.99m.

Debtors increased by £3.35m to £18.7m, while creditors jumped from £14.75m to £20.1m. Meeting: September 27.

0.15p dividend from Stewart Nairn

Having met its full-year profit forecast, Stewart Nairn Group is returning to the dividend list with a payment of 0.15p per 25p share.

At mid-way, when the surplus was up from £22,988 to £39,431, the directors said they would recommend a dividend if the taxable profit was not less than £100,000.

In the event, the surplus before tax was £101,164 for the year to March 31, 1979, compared with £48,464 last time. Turnover rose from £1.77m to £2.36m.

Firth (Metals) repays £1m bank borrowings

£982,606 last year have been repaid, and replaced by cash balances of £341,578, says Mr. G. M. Leadbeater, chairman, G. M. Firth (Metals), steel stockholder, in his annual statement.

Fixed assets have been considerably reduced. Net current assets show a useful increase—from £1.6m to £1.9m—and are now nearly equal to total shareholders' funds, he adds.

But Mr. Leadbeater says it would be idle to pretend the steel market is healthy. Demand for steel will always remain high in tonnage terms but it is difficult to be optimistic in the short term about the growth of the steel stockholding industry, he adds.

The directors, rather than pursue volume without regard to margins, have concentrated on reducing overheads without impairing too much the basic selling capability. They have reinforced the business by undertaking a number of small to medium-size property developments.

The recently announced sale of the group's head office premises for £175,000 cash realised a book profit of £34,000 after tax.

Mr. Leadbeater says the head office is being re-located in Bradford and they expect to benefit from a further reduction in overheads, apart from the gain to liquidity.

This year the board is continuing to maximise the return on the group's assets, while placing a high priority on liquidity.

Group taxable profit in the year to March 31, 1979, increased from £29,661 to £183,560. The rise was accounted for by reduced overheads and a sizeable contribution from the property side (£117,000).

British Dredging hits back at critic

BY ANDREW FISHER

THE BOARD of British Dredging hit back strongly yesterday at the attack on the company's management by Mr. David Mostyn Bowles, a former chairman who wants the other directors removed.

"There is no breakdown at operational level," Mr. Bryan Clark, the present chairman, said in a letter to shareholders. He urged them to reject Mr. Bowles' attempt to have the rest of the board voted out at a special EGM after the August 31 annual meeting.

Mr. Bowles, now a non-executive board member, argued to shareholders in a circular this week that the company was poorly run and in worse financial shape than the latest accounts suggested.

He also expressed concern about payments of £40,000 made to companies in which Mr. Clark and his family are principal shareholders.

Mr. Clark said that the present board, apart from Mr. Bowles, "refutes entirely" the criticisms in Mr. Bowles' circular. "It appears to be based on incomplete information or information that Mr. Bowles has misunderstood."

Mr. Bowles, contacted in Cardiff, said he stood by his previous statements. He had not yet received Mr. Clark's letter, but said he regarded the situation at British Dredging as "little short of tragic" and was confident of gaining enough support to push his resolutions through at the meeting.

He is also seeking to have Mr. Gerald Price-Stephens, a management consultant, appointed to the board. Mr. Clark said the rest of the board did not regard this as appropriate.

According to Mr. Clark, "Mr. Bowles' circular is a personal attack on me: the circular and the requisition appear to represent an attempt by Mr. Bowles and his family interests to regain control over the direction of your company."

Recalling that Mr. Bowles headed the company for twelve years until 1977, the year it moved into decline, he added: "I was appointed managing director in June 1977 with the express task of clearing up the chaos left by the previous regime."

He said the board did not accept the criticisms of the way in which the disposal of Pauls Federated Merchants and the closure of Avonmouth Engineering had been handled. He also rejected the payment allegations against himself.

Mr. Bowles himself would be ousted from the board, said Mr. Clark, if a special resolution to alter the company's articles went through at the annual meeting. The board now feels it would be impossible to work with him.

Standing on the sidelines is British Dredging's majority shareholder, Ready Mixed Concrete with nearly 28 per cent. RMC is making no comment until it has studied both sides' arguments, but Mr. John Camden, the chairman, said earlier this week that "it does not help to have a public slanging match."

Concrete Industries

Concrete Industries (Monier) is lifting its final dividend from 5.5 cents to 6 cents a share, making a total of 11 cents (10 cents) for the year ended June 30. Redlands owns 47.6 per cent of the shares.

Stated earnings are up from 20.5 cents a share to 22.4 cents. Group pre-tax profit rose 6.9 per cent—from A$20.03m to A$21.42m.

Aeronautical & General

Aeronautical and General Instruments reports turnover up from £2.87m to £3.26m for the year ended March 31, 1979 and net profits of £258,101 against £146,196 previously.

Midway net profit had fallen from £71,173 to £68,414 but the directors were expecting profits for the year to be similar to those of 1977-78.

The year's profit is after all charges and tax of £79,563 against £174,628. Earnings per share are stated as 15.84p (8.84p) and the dividend is lifted from 2.5531915p to 2.8p.

Distillers

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Export turnover increases to £332 million

Extracts from the statement by the Chairman, Mr. J. R. Cater, circulated with the Report and Accounts for the year ended 31st March, 1979.

General observations on results

Turnover and profits

Total turnover excluding duty increased by some 8% and because percentage net margins were generally maintained Group trading profit rose in proportion from £160.6 million to £173.9 million. The road haulage drivers' strike virtually closed the ports in January and the backlog of Scotch whisky shipments had not been fully overtaken by the end of March. This resulted in the deferment of about £3.5 million of trading profit into the current financial year. The strike did not have the same effect on the gin sector where operations were alread disrupted by internal industrial action the cost of which in under-utilisation of production capacity cannot be recovered. Despite these difficulties both Scotch whisky and gin, assisted by sales made ahead of the April budget, showed volume increases in the home trade. Gin also achieved an increase in export markets but Scotch whisky shipments for the reason stated above did no more than maintain the previous year's level. The Food Group and Carbon Dioxide Company again achieved profit increases.

Dividends

The directors recommend a final dividend of 6.75p per share. An interim of 3.00p per share has already been paid making the total distribution 9.75p. Together with the associated tax credit the total distribution is equivalent to 14.12047p compared with 10.89557p per share last year.

Scotch whisky

Production

The rates of output of all our distilleries were fully maintained with production planned to provide the necessary stocks for our projected world sales. It remains our view that the forward position is adequately covered and that appropriate inventories for all our brands are available.

Blending and bottling operations were affected for several weeks by industrial relations problems at one of our major plants. The road haulage dispute in January disrupted output and delayed shipments from many of our production units. It was, however, possible to recover the major part of the loss of production due to these events by re-programming output and stock levels in the subsequent periods.

The Shieldhall, Glasgow, plant built for John Walker & Sons became operational in the latter part of the year and reorganisation of bottling capacity elsewhere within the Group is currently in progress, notably at the Leven, Fife, plant of Distillers Company (Bottling Services) where additional bottling equipment is being installed to widen the range of work carried out.

At Kilmarnock, John Walker & Sons laid plans for and are now involved in the construction of a new blending plant based on the design used at Shieldhall, which has been proved to be most effective in service.

In recent years the Group's distilling requirements have outreached its own malting output and to restore the balance a new maltings and barley storage unit is under construction at Roseisle, Morayshire. That location is well situated for essential services and for distribution to distilleries.

The development of our warehouse site at Bonnybridge, Stirlingshire, continued and the building of two warehouses is now well advanced with occupation of the first sections planned for autumn.

EEC

In my statement last year I commented at some length on the consequences of the EEC Commission's formal objections to the Group's Home Trade Conditions of Sale and Price Terms. I explained why we had felt it necessary to withdraw Johnnie Walker Red Label and Haig Dimple from the UK market and to increase the UK price of other brands, such as Black & White and VAT 69, and I drew attention to the fact that the Company had appealed to the European Court of Justice against the Commission's decision. The appeal has not yet come forward, nor has a date been set for its hearing.

The commercial decisions referred to above have in the meantime proved to have been justified. The brands whose UK prices were substantially increased or which were withdrawn from the home market have increased their sales in the continental EEC. Johnnie Walker Red Label had a particularly successful year and recorded substantial gains. I should also make special mention of Haig Dimple which achieved a significant increase in its market share in Germany.

Our expressed concern that parallel exports, ostensibly ordered for continental markets, would inevitably find their way to other markets of the world has also proved to be all too well founded. We strive to contain this problem but it is both real and disturbing. The Scotch whisky industry, of which your Company is a major part, provided in 1978 some £500 million of export earnings outside the EEC. For those earnings an effective sole distributor system is vital. It is therefore with dismay that our industry witnesses the continuing threat posed to that system by the unintended, but nonetheless damaging, consequences of EEC policy.

Home sales

Following the withdrawal of Johnnie Walker Red Label and Haig Dimple from the home market and the application of substantial price increases to five other brands on 1st February 1978, the primary marketing objective had to be to ensure an expansion of sales of those of our brands which remained in the market at competitive prices, in particular Haig and White Horse. Considerable progress was made in this direction during the year and the two new brands, John Barr and The Buchanan Blend, gained wider distribution. The lower priced whisky, The Claymore, launched in the summer of 1977 exceeded all forecasts and established itself as a major force in its sector of the trade.

Because of delays in the publication of industry figures by HM Customs and Excise, the most recent information on the home market available at the time of writing relates to the eleven months ended February 1979 and indicates an industry gain to that date, over the same months of the previous year, of 20%. However the comparable months to February 1978 had shown a shortfall of 9.4% on the 1976/77 figures and the underlying trend in the growth of industry clearances was therefore less pronounced than the current statistics would suggest.

Nevertheless, although total Group sales in the UK increased in volume during the year, the March industry clearances, when published, will show that our overall share of market had declined.

During the financial year no further increase in excise duty was imposed but the Government made no concession in regard to granting a period of credit in respect of payment of duty despite continued representations made by the industry. As a result our industry remained in the position of being less favourably treated than other alcoholic beverage industries.

Export sales

By April 1978 the price increases introduced in February of that year had become fully effective and during the financial year to 31st March 1979 the earnings from our exports of Scotch whisky were at a generally satisfactory level. Nevertheless, strong price competition in many important areas, including Australia, South Africa, Canada, Spain, Scandinavia and the bulk market in the USA, continued to make the retention of market share by volume difficult.

Government statistics for the year showed that the industry attained a 4.9% increase in total exports which exceeded 100 million proof gallons.

Total Group exports of Scotch whisky remained virtually static, although these were to some extent held back as a result of the road haulage strike in January. Not all of our companies were able to effect shipment in February and March of total quantities represented by their enlarged order books but little if any business was irretrievably lost.

Group performance in export markets did not therefore, for the first time in some years, match that achieved by the industry in general. We tend to doubt that world consumption outside the UK increased to the sort of level indicated by the Government statistics. Certainly our forward estimates of sales potentials did not predict such an increase and in the event we were neither surprised nor discouraged by our own level of sales. A more significant indicator, bearing in mind the effect of artificially large shipments ahead of price increases and distributors' adjustments of their stock levels, is the rate of actual sales in the various markets. Measured against that criterion the majority of our brands performed well.

In the de luxe category in the USA, Johnnie Walker Black Label continued to increase its sales volume while, in the standard brand quality, Dewar's White Label consolidated its position, particularly in New York and the Monopoly States, and Johnnie Walker Red Label did likewise more widely across the country. The competition between all brands imported in bulk and bottled in the United States remained strong, with retail price a crucial factor, particularly in such important States as Florida and Illinois. However, Harvey's, Vat 69 Gold and Usher's Green Stripe more than held their position. Throughout other export markets Johnnie Walker had another most successful year with both Red and Black Label and consolidated its position as leader in very many individual markets. Overall this company remained far and away the world's largest seller of Scotch whisky. Macdonald Greenlees' brand, Old Parr, continued to build on its existing strength in a number of important territories and to establish itself in new areas. Your Company's other main brands remained widely distributed and were marketed with considerable success in the important export markets. The de luxe brands again enjoyed excellent business in the Central and South American countries, while White Horse continued to occupy a leading position in Africa and in Japan.

To cover escalating costs, prices of our various brands were increased by some 12% at the beginning of 1979 in all export markets excluding Canada where, because of the weakness of the Canadian dollar in which currency we invoice our products, the increase was 20%.

Gin

The year although starting well, was beset with industrial disputes which drastically reduced production for prolonged periods during the second six months. Both Booth's Finest Dry and High & Dry suffered a severe loss of sales in the home trade in the important pre-Christmas period and subsequently exports of Gordon's and Tanqueray were also delayed, with a consequent adverse effect on profitability. A good recovery began to be achieved in March but the loss of market share could not be wholly regained in the financial year. The underlying strength of our brands of gin remains healthy and the prospects for recovery of market share and for continuing growth are encouraging.

Group exports, although restricted by the industrial problems referred to above, reached a record level. Sales of Tanqueray gin in the USA showed a further increase and the outlook for expansion remains excellent.

Shipments of Gordon's gin to Germany, Holland and Belgium were good, although the volume to Germany was slightly down due to stock shortages. Overall, exports to the continental EEC showed a reasonable improvement. Elsewhere, good progress was made by Booth's and Gordon's in Africa, particularly in the French speaking territories, and in Asia but prospects for sales in Australia, following the enormous increase in duty on spirits imposed in the budget last August, cannot be very promising.

In the USA, keen competition among locally produced brands of gin was reflected in a disappointing performance by Gordon's but Booth's High & Dry, in a new package, recorded a substantial gain. In other overseas territories where Group brands are locally produced, good progress was made by Gordon's, particularly in Spain and Venezuela and, to a lesser degree, in Canada and New Zealand. Satisfactory results were achieved by Booth's in Canada and Guyana.

Vodka

Deliveries of Cossack vodka to customers in the home market, although affected by the industrial disputes at our plants and the consequent loss of production and stock shortages, were nevertheless higher than a year ago.

In spite of increasingly keen competition, notably in the on-licensed trade, we are hopeful of recovering much of the loss in market share suffered as a result of our inability to meet demand during the second six months of the year and believe that the previously recorded growth of Cossack will continue in an expanding market for vodka.

In the USA, sales of locally produced Gordon's vodka, although ahead of those in the previous year, did not show the same rate of growth as the vodka market as a whole, resulting in a marginal loss of market share.

Other potable products

Pimm's sales in the UK showed a good increase and were particularly strong in the second half of the year. This gives grounds for believing that Pimm's is increasingly coming to be regarded as an all-the-year-round drink. Exports advanced and sales in the USA were encouraging.

Sales of Crabbie's green ginger wine in the UK showed a satisfactory gain but shipments to export markets were marginally lower.

The improvement in Hine's turnover and overall profitability continued. The introduction of a Napoleon quality for duty free markets and the Far East showed particular promise.

Trading conditions in Australia did not improve and the large increases in excise duty affected sales. United Distillers Proprietary showed a modest increase in turnover and profit. Tolley, Scott & Tolley's production problems have been fully resolved but the extreme competitiveness in the Australian wine and brandy industries resulted in a further setback to profit.

Food group

The Yeast and Food Division achieved higher sales of food products to the catering and bakery trades and to other food manufacturers, despite competitive conditions which had an adverse effect on profit margins. There was a significant increase in the demand for frozen products for which additional processing, freezing, storage and distribution facilities have been installed in recent years.

Production rates at the two yeast factories were again at record levels. There was no material fall in the UK requirement for bakers' yeast despite the discontinuation of bread production by a major bakery group at the beginning of the year. Sales of distillery and inactive yeasts improved and exports of active dried yeast to overseas markets were ahead of those in the preceding year.

Sales of shortening and margarine to the bakery industry by the Peerless Refining Company improved but sales of table margarine to the retail trade were below plan mainly because of the road haulage strike. However a less volatile raw material market and more satisfactory margins resulted in higher profits for the year.

Carbon dioxide

The year's trading produced very satisfactory results in which overall profits showed a further advance. Carbon dioxide sales finished somewhat ahead of last year's level.

On the engineering side, sales volume again showed a useful increase to which all sectors contributed, with cellar equipment sales being particularly strong.

United Glass

The profit during United Glass's financial year ended 2nd December 1978 rose by £3.5 million to £15.1 million.

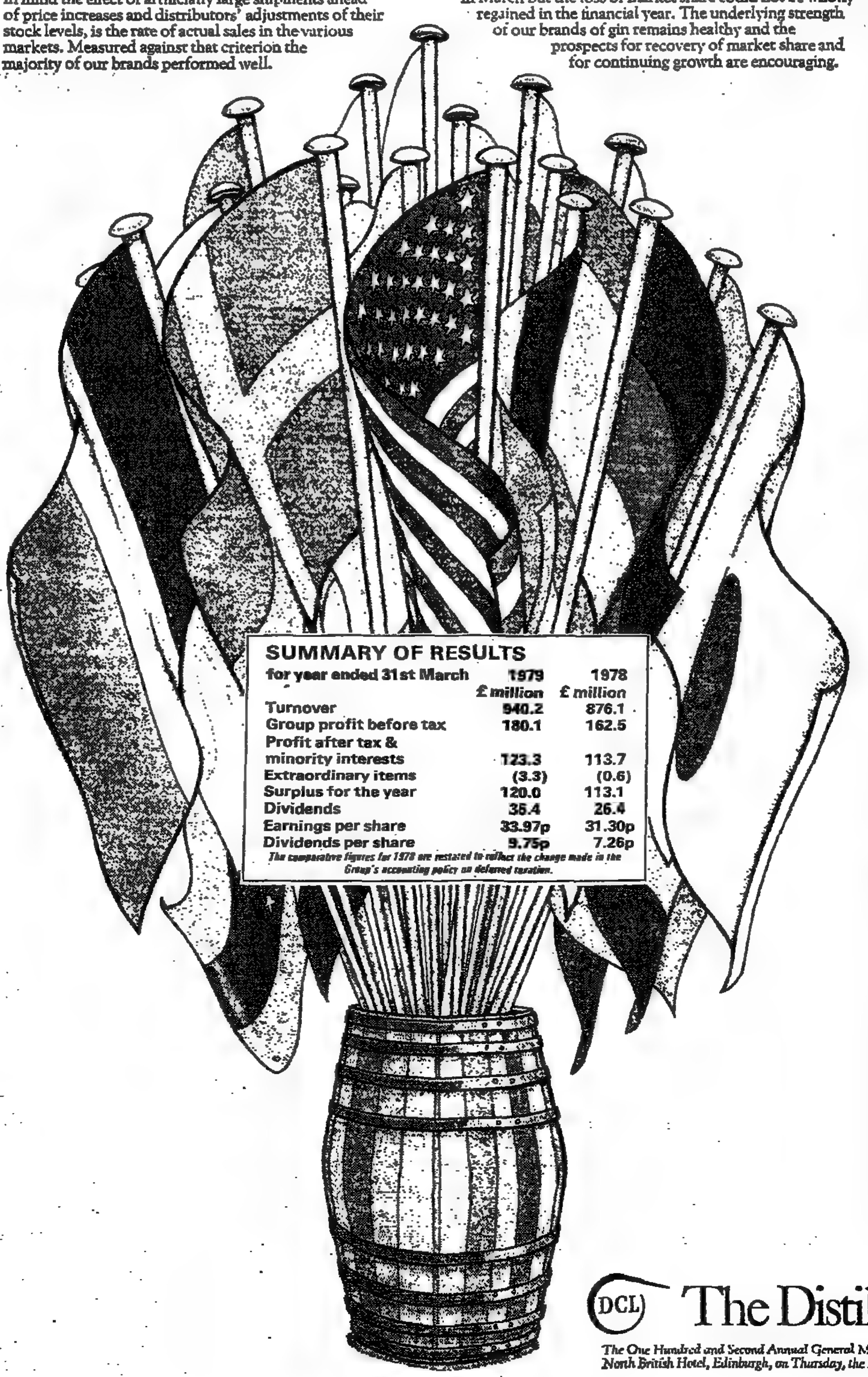
However, the markets for the company's products have been slow to recover from the disruptions caused by the road haulage strike.

Personnel

Although the year was not entirely free of industrial disputes at local level, there remained a high degree of dedication and solid endeavour by the vast majority of the Group's employees. This contributed greatly to the results achieved in a difficult trading year and the Board is glad to acknowledge these efforts and to express its appreciation of them.

Future prospects

The recent substantial increases in oil prices must signal a slow-down in world economic growth and consequently in trade. The appreciation of sterling during the past few months together with rising inflation will make the task of exporting more difficult. We cannot, at this time, gauge the effects upon our sales volume but it would be imprudent to forecast more than a small increase over the preceding year. The Company commands valuable assets in the underlying strength of its brands and in the ability and loyalty of those who, at whatever their level of responsibility, contrive such success as is achieved. These together generate long term confidence but, for the current year with all its uncertainties, I cannot reasonably predict more than a modest improvement on the results we are now presenting.



SUMMARY OF RESULTS

for year ended 31st March	1979 £ million	1978 £ million
Turnover	940.2	876.1
Group profit before tax	180.1	162.5
Profit after tax & minority interests	123.3	113.7
Extraordinary items	(3.3)	(0.6)
Surplus for the year	120.0	113.1
Dividends	35.4	26.4
Earnings per share	33.97p	31.30p
Dividends per share	9.75p	7.26p

The comparative figures for 1978 are restated to reflect the change made in the Group's accounting policy on deferred taxation.

The Distillers Company Limited

The One Hundred and Second Annual General Meeting of The Distillers Company Limited will be held at the North British Hotel, Edinburgh, on Thursday, the 20th day of September, 1979, at 12.15 pm.

House of Fraser down at £7.8m for 26 weeks

SECOND-QUARTER pre-tax profits before tax of House of Fraser were down slightly from £6.93 to £6.51m to give a total of £7.84m for the 26 weeks ended July 28, 1979, compared with £8.32m in the same period last year.

Trading conditions have been difficult since the increase in VAT in June and the directors expect conditions to remain so in the third quarter.

However an increase in consumer spending is expected when tax rebates are paid out later this year and this should contribute to the trading results of the all important fourth quarter.

First half earnings per share are stated as 3.03p against 3.27p. The interim dividend is effectively raised from 1.5721p to 2p—the total last year was equal to 4.4359p from pre-tax profits of £40.5m.

The directors say in view of the insignificance of the results in the earlier months of the year, it has been decided to discontinue publication of quarterly statements from the beginning of the next financial year.

Half yearly results will continue to be announced in late August.

	26 weeks 1979 £000	1978 £000
Turnover	300,708	256,443
Less VAT	24,096	17,122
Trading profit	15,640	14,649
Depreciation	4,354	3,692
Trading profit	11,286	10,957
Interest paid	3,451	2,650
Profit before taxation	7,836	[illegible]
Tax	4,074	4,375
Net profit	3,761	3,992
Preference dividends	16	16
Attributable ordinary	3,745	3,976

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims — Abbey Panels, Alliance Trust, Elys (Wimbledon), Gibbs and Dandy, Ward Holdings.

Finals — Howard Tenens Services, Leigh Mills, Reardon Smith Line, Second Alliance Trust.

FUTURE DATES

Interims—	
Banro Consolidated	Sept. 5
Blackwood Hodge	Sept. 11
Blue Circle Industries	Aug. 30
Church	Aug. 31
Newbold and Burton	Sept. 5
Phoenix Assurance	Sept. 5
Pittard	Sept. 3
Quick (H. and J.)	Aug. 29
Robinson (Thomas)	Aug. 29
Spencer (George)	Aug. 31
Finals—	
Crouch Group	Aug. 29
Somportex	Aug. 30

Needlers falls to £135,000

TAXABLE profits of Needlers, the confectionery manufacturer, fell in the 25 weeks to June 23, 1979 and the group again warns that it does not expect to reach last year's total profits figure.

At midway the surplus before extraordinary items fell from £168,700 to £134,829 on turnover ahead from £2.59m to £2.75m.

The total pre-tax profit before extraordinary items for the whole of last year was £406,696 (£142,227).

The directors blame the decline at halfway on the transport strike and point out that they have been unable to make up the shortfall because of the depressed state of the sugar confectionery market. This, they add, has been aggravated by the large VAT increase.

The programme of re-inforcing the main brand products continues and the heavy capital spending programme is well under way.

Tax for the period takes £297, against £2,800, and after an extraordinary credit this time of £30,439 the surplus comes through at £164,971 (£165,900). The extraordinary items are the continuing sale of surplus plant, and profit on the former office and garage site sale.

Stated earnings per 25p share are down from 8.1p to 6.5p. As usual there is no interim dividend, and for the year-end payment the Board will bear in mind the removal of restrictions. Last year's dividend was 2.01p.

LENNONS GROUP

Lennons Group announced that acceptances were received for 5,994,073 ordinary shares representing 92.59 per cent of the recent rights issue. The remaining shares have been sold at a premium of 9p each. Net proceeds will be distributed pro rata among the provisional allottees who have not taken up their rights.

Hill & Smith down midway but sees better second half

RESULTS of Hill and Smith for the first six months to March 31, 1979, have been adversely affected by national strikes and severe weather but second half profits are expected to show a significant increase over the first half, the directors report.

Profits at midway are down from £451,829 to £309,987 on turnover of £7.64m against £7.05m. The interim dividend is 1p against 0.75p—last year's total was 3p from profits of £1.05m.

Again no tax charge is provided as stock appreciation relief and accelerated capital allowances are estimated to exceed the liability to date, the Board states.

Principal activities of the group are steel stockholding, and general steel fabrication including road safety barriers and security fencing.

• comment

A 31 per cent interim downturn at Hill and Smith clipped the shares by 3p yesterday to 51p but the group maintains that, strikes and arctic weather apart, quarterly profits during the winter would have been running at around £250,000. Given the normal bias towards the second half, that suggests that annual profits should come out at a new peak of something over last year's £1m pre-tax. At that level, the prospective p/e is just under 6 which, with a yield of 10 per cent on the forecast dividend, hints that there may be something to go fo r.The safety barrier market is declining and sales probably fell by a tenth last year but at least the level of Italian competition has receded significantly despite currency movements and the steel stockholding, fabrication and forging divisions are all expected to produce a "significant" improvement in the second six months. Galvanised steel lintels, used in door frames and windows, are still contributing little or nothing since the group probably holds no more than 3 per cent of this £30m sector. The Appeal on copywrights and patents went in favour of Hill and Smith in May and a build up to an annual sales level of £5m is planned for the beginning of next summer.

Kennedy Smale expands

A SECOND-HALF increase from £226,019 to £330,117 has lifted taxable profits of Kennedy Smale to a record £574,557 for the year ended March 31, 1979, against £400,724.

At the interim stage the directors said they expected profits for the full year to exceed comfortably the previous year's figure.

Earnings are shown as 7.74p (5.2p) per 10p share and the dividend is stepped up to 2.06p (1.596p) net with a final payment of 1.176p.

Tax charge for the year took £257,170 (£202,304) and minorities £33,875 against £8,157. There was an extraordinary credit of £19,391 (£146,759), leaving the attributable balance at £302,903 (£337,022).

The company is an engineering concern with interests in control equipment and textile machinery.

Grim outlook for Edbro

There being no substantial relief for exchange rates, Mr. L. V. D. Tindale, chairman of Edbro (Holdings) told the annual meeting that the group would be £0.5m down on currency exchanges during the first six months of this year, against the rates for last year.

And the one-day strikes by engineering unions, and a possibility of two-day strikes in September had affected the group's ability to produce and deliver, he added.

These factors, he stated, made it even more impossible to forecast the outcome of the year. But he said that it was "looking more grim" than a few months ago.

Assd. Tooling expects to maintain profit

Overall group profitability should be comfortably maintained at Associated Tooling Industries, despite continued lack of demand in one of the subsidiaries, Mr. A. G. Pratt, chairman, says in his annual statement.

But, he adds, it is difficult in the present economic climate to foresee any substantial improvement. As reported on August 10, pre-tax profits rose from £109,356 to £152,546 in the year to February 28, 1979.

The chairman says the possibility of a cash payment to members through a capital reduction has been considered, but it is the Board's view that members would be best served by retaining the substantial cash resources. Net liquid funds increased by £481,832 in the year, compared with a £87,401 decrease last time.

Several acquisition possibilities have been investigated, the chairman adds, but none has proved suitable. While alternatives are being considered, the Board has invested most of the group's cash resources in an offshore fund "which is providing a high after-tax profit and is realisable at short notice."

At balance date, group fixed assets stood at £474,494 (£803,850), while net current assets were sharply higher at £425,589 against £76,709. Short-term deposits were £315,938 (nil), and bank and cash balances £17,973 (£694). There was no bank overdraft, compared with £148,615 previously.

Meeting, 116, Pall Mall, SW, on September 14, at noon.

BIDS AND DEALS

Tarmac gives away rest of Cubitts Nigeria

BY ANDREW TAYLOR

TARMAC, the building and construction group, has given away its remaining 40 per cent stake in the loss-making Nigerian offshoot.

In return Tarmac is shedding responsibility for some of its debts in Nigeria. However, the bulk of these will still remain with the British group.

Tarmac has handed its stake to the New Nigerian Development Corporation Properties which is owned by 11 northern Nigerian states and currently controls a 25 per cent stake in Cubitts Nigeria.

The Corporation is expected to allocate the bulk of the Tarmac shares to Nigerian and other interests.

Tarmac, which has taken this opportunity to completely extricate itself from its Nigerian problems, defended its deal.

Mr. Peter Woodman, main board director responsible for Tarmac's Nigerian affairs since the end of 1978 said that the total cost of pulling out, including the group's undisclosed share of debt repayment, would be within the £16m provision already made against losses at Cubitts Nigeria.

"The situation could have been much worse," he said.

Tarmac had hoped to sell its stake in Cubitts Nigeria to a Middle East consortium but negotiations broke down earlier this year.

It is understood, however, that one of the Middle East partners will be one of those to be allocated shares by the New Nigerian Development Corporation.

Tarmac said that it expected to clear up all its outstanding liabilities against Cubitts Nigeria by the end of October. A small team will remain in the country until September to advise the new management, Mr. Woodman said.

The British group originally acquired a 60 per cent stake in Cubitts Nigeria when it bought Holland Hannen and Cubitts from Drake and Scull in a £5.3m deal in 1976. The holding was reduced to 40 per cent under Nigerianisation legislation at the end of last year.

The discovery of substantial losses in Nigeria caused a major row between Tarmac and Drake and Scull which was only resolved in February this year with an out-of-court settlement worth £2m to Tarmac.

The major losses in Nigeria were at Maiduguri Airport but Mr. Woodman said yesterday that most of the significant loss-making contracts had now been completed and were at the "maintenance stage."

FERRANTI IN U.S. CRANE DEAL

Under an agreement with a U.S. company Ferranti has obtained exclusive rights to market worldwide the Diamalift gantry crane.

The agreement — between Ferranti Engineering and the Diamond Manufacturing Company of Georgia—which also provides for the design and manufacture of the crane, will further strengthen Ferranti's ability to penetrate world markets.

This addition enables Ferranti customers to be offered a comprehensive range of container handling equipment.

Ladbroke buys hotel for £1.6m

Ladbroke Group has exchanged contracts for the purchase of the Wetherby Turnpike Hotel for £1.6m cash.

The Wetherby Turnpike Hotel is a substantial modern freehold property directly adjoining the A1 at the Wetherby roundabout in Yorkshire.

Mr. John Jarvis, chairman and managing director of Ladbroke's hotels and holidays division, commented that "this planned acquisition of the Wetherby Turnpike (together with the three hotels under construction) brings to 37 our chain of UK hotels."

NEW DIVISION FOR ALEX. HOWDEN

Alexander Howden Insurance Brokers, a subsidiary of Alexander Howden Group, is forming a North American division.

The new division is to be responsible for all business emanating from the area, except classes of insurance already handled by specialist divisions including aviation, jewellers' block bullion, marine and reinsurance.

Mr. Michael Glover, chairman of Alexander Howden Insurance Brokers, says the group has one of the largest volumes of aviation business coming into the London market representing around $75m in premium.

It is the company's intention that the marine and non-marine accounts, which represent around $30m and $70m in premiums respectively, should achieve the same status.

"After all, 55 per cent of the world's non-life insurance premiums arise in the United States," he says.

Independence for Cramer Electronics

In a surprise £550,000 share deal Cramer Electronics, a UK component distributor, has gained independence from its U.S. parent company.

A group led by Mr. David Griffin, founder and managing director of the four year old UK operation, is to purchase 50,000 £1 paid-up shares from the U.S. company.

The purchase price is based on 70 per cent of the book value of the assets, stocks and other activities of the company. Mr. Griffin said that talks became protracted with the parent company when the U.S. Arrow Electronics Corporation purchased 10 Cramer distributor outlets in the U.S.

However, the UK company, which employs 50, is hoping to expand, and sales are expected to top £4m over the next 12 months.

Cramer acts as a distributor for the more sophisticated end of the electronics component market. It holds franchises with major microprocessor manufacturers such as Motorola, Texas Instruments and Advanced Micro Devices.

Some 90 per cent of its business lies within the UK and goes into the professional electronics industry. However, it does have a growing export market mainly to Africa and the Middle East.

HAWTHORN BAKER

Acceptances of the offer by Dunlop for Hawthorn Baker have been received in respect of 596,809 existing shares and 3,580,854 new shares, representing over 91.5 per cent. The offer is now unconditional and remains open.

MONT. MEYER

Montague L. Meyer has acquired the capital of Cumbria Packaging for £378,048, to be satisfied by the issue of 155,532 ordinary shares.

WYATT HARRIS

Following talks, the merger of Harris Graham and the Wyatt Company was completed on August 14.

The combined group offers employee benefit and compensation services worldwide and in the UK the group also offers private client services via Graham Mortgage and Assurance Services, Harris Graham Securities and Grahams Industrial Leasing.

It is envisaged that the name will be changed to Wyatt Harris Graham.

Oil price increases bring Graig Shipping a mini-boom

Graig Shipping Company is enjoying a mini-boom, says Mr. Desmond Williams, chairman, in his annual report. He says the freight market has greatly improved due to the failure of the Russian grain harvest and the big increase in oil prices which has resulted in a heavy demand for tankers.

This in turn has drawn the ore/bulk/oil combination vessels out of the group's market and created a shortage of tonnage in the dry cargo sector.

But Mr. Williams warns he cannot be over-optimistic that the mini-boom will last very long because of the predictions of a recession which would depress the freight market.

In addition, because of the decline of the U.S. dollar, the group's income is not as high as it might at first appear, since all their freights are earned in that currency.

The sale of the Graigffion for a profit of £1.33m has enabled the group to more than meet its financial commitments and it now has sufficient funds to meet requirements for the forseeable future, says the chairman.

In the year to March 31 1979 the group reduced the trading loss after loan interest from £553,861 to £231,514 but after the profit from the Graigffion sale there is a net surplus of £113,938, against a £719,253 loss.

Mr. Williams adds that they have still not taken delivery of the Graiglwyd, which is being built in Japan, but talks are being held with the builders to try to resolve the dispute with them. The financial picture has been greatly improved by the appreciation of the pound against the yen.

Progress is being made on the three licences for oil and gas exploration in southern England, and the group has won a year's extension of the licences to pursue seismic studies.

Reigate Travel again made record profits and the Kingston-upon-Thames property shows a steady return on investment.

The balance sheet shows net current liabilities of £166,311 (£2.84m). This time there is a bank deposit of £2.2m which is subject to restriction on withdrawals. The deposit account has been charged to secure loan repayments which will have to be made for the parent company and a subsidiary.

There is a net increase in working capital of £2.14m against a £2.68m decrease. Last year £6.05m was spent in buying fixed assets—this year the figure is £4,829. Loans repaid are £2.15m (£1.38m).

Meeting Cardiff on September 14 at noon.

First half downturn at T. Clarke

Following the fall last year, taxable profits of T. Clarke and Co., electrical contractor, were down from £275,605 to £200,945 for the first half of 1979 on turnover of £6.21m against £6m.

Profits for 1978 fell from £428,000 to £357,000 but the directors said they were hopeful of an improvement.

After six months tax of £104,000 (£152,000) earnings per 10p share are shown as 1.479p (1.886p) and the interim dividend is increased to 0.525p net compared with 0.435p last time—last year's final payment was 0.5271p.

FOOD PRICE MOVEMENTS

	August 23 £	Week ago £	Month ago £
BACON†			
Danish A.1 per ton	1,180	1,180	1,180
British A.1 per ton	1,140	1,140	1,140
Ulster A.1 per ton	1,140	1,140	1,140
BUTTER†			
NZ per 10 kg	13.20/13.37	13.20/13.37	13.20/13.37
English per 10 kg	—	16.78	—
Danish salted per 10 kg	17.55/17.66	17.15	—
CHEESE‡			
English cheddar	1,450/1,510	1,449	—
Irish cheddar	—	1,481.03	—
Danish cheddar	1,340	—	—
EGGS*			
Home produced:			
Size 4	3.20/3.40	3.10/3.60	3.05/3.30
Size 2	3.90/4.00	3.90/4.00	3.75/3.90

	August 23 p	Week ago p	Month ago p
BEEF			
Scottish killed sides ex-KKCF	62.0/66.0	62.0/66.0	64.0/68.0
Eire forequarters	42.0/44.0	42.0/44.0	41.0/43.0
LAMB			
English	56.0/60.0	56.0/60.0	54.0/60.0
NZ PLs/PMs	48.0/49.5	48.0/49.5	49.0/50.0
PORK			
All weights	35.0/44.0	34.0/43.0	35.0/44.0
POULTRY			
Oven-ready chickens	41.0/44.0	41.0/44.0	41.0/44.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ 20-kg rindless blocks, delivered, per tonne.

BANK RETURN

	Wednesday Aug. 22 1979	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	23,201,885	— 1402,295
Special Deposits	520,000,000	—
Bankers Deposits	449,104,604	— 38,169,567
Reserves & other Accounts	638,720,272	— 5,570,415
	1,644,579,761	— 46,142,275
Assets		
Government Securities	983,670,471	— 294,210,000
Advances & Other Accounts	409,173,981	+ 255,565,354
Premises Equipment & Other Secs.	237,566,905	+ 2,556,318
Notes	13,960,140	— 8,836,095
Coin	209,264	— 6,916
	1,644,579,761	— 46,142,275
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	9,550,000,000	+ 25,000,000
In Circulation	9,536,039,860	+ 33,836,095
In Banking Department	13,960,140	— 8,836,095
Assets		
Government Debt	11,015,100	—
Other Government Securities	7,933,217,050	— 411,339,118
Other Securities	1,605,767,850	+ 436,339,118
	9,550,000,000	+ 25,000,000

MINING NEWS

Tin pirates hit Southern Kinta

BY KENNETH MARSTON, MINING EDITOR

ILLEGAL mining activities are making life difficult for Southern Kinta Consolidated at its offshore tin dredging operations off the coast of west Thailand. The Malaysian company operates a shallow-working suction dredge at sub-leased areas at Takupa.

Southern Kinta's chairman, Mr. Abdul Ghafar Baba, says that in calm weather it is not unusual to see several hundred boats, many of them large, modern and well-equipped, working the company's ground. As a result the thin deposits suitable for the dredge are rapidly being depleted.

It is thought unlikely that the dredge in its present form can continue to work profitably for very much longer. A possible answer being investigated is the modification of the dredge to enable it to mine the deeper ore reserves.

Fortunately, the Takuapa dredge provides only a small part of Southern Kinta's total tin concentrate output, the bulk of which comes from the three onshore dredges in Malaysia.

Mr. Baba expects the Malaysian production to rise in the current year to next March because the units will be working higher grade ground. Southern Kinta's production for the past four months of the current financial year amounts to 787 tonnes against 556 tonnes in the same period of 1978-79.

In his annual statement on Kamunting Tin Dredging, the chairman, Mr. Junus Sirdin, warns that after a good year (to March 31) in which pre-tax profits rose by 38.6 per cent to M$2.55m (£535,000) less prosperous times may be ahead.

The company's two dredges are now nearing the end of their operating lives. One of them, the No. 5 unit, is expected to exhaust its reserves and cease operations before December this year, unless the awaited reissue of mining is approved by the authorities.

The other (No. 6) dredge is expected to cease operation on the company's property by late October. However, the dredge is to be hired to work the adjoining mining land of another company and should provide a "useful contribution" to Kamunting's profits. But total profits for the current year will be "substantially reduced" unless the life of No. 5 dredge is extended.

Sungei Besi also did well in the year to last March but expects to produce less in the current year. Mr. Junus Sirdin says that the Hong Fatt open-pit is to be deepened and should make a major contribution to production in the current year, but it may also reach the limit of practical mining in the period.

It is reckoned that the company's tin reserves are sufficient to sustain production until 1984, albeit on a greatly reduced scale. Possibilities exist of operating on further tin land by deviating a road and a railway line and discussions have been initiated with the various authorities involved.

Botrest financial battle continues

THE PROSPECT of a further restructuring of the finances of Botswana RST, whose subsidiary, BCL, operates the troubled Selebi-Pikwe nickel-cobalt-copper operation has loomed closer with the publication today of the half-yearly figures.

The figures show that Botrest's accumulated deficit increased in the six months to June to Pula 63.7m (£35.4m). The company also states that the principal shareholders had to increase their loans by Pula 23m. At the end of 1978, their loans totalled Pula 119.09m.

While these figures are predictable in the light of the company's history of dealing with technical difficulties and depressed markets, the search for additional finance to meet the expenses of a capital programme, increased stocks and debt servicing has not apparently been successful so far.

The search has been going on for most of this year. Last February, Mr. Ian MacGregor, the chairman, said Botrest had started negotiations with various lenders and the Government for financial assistance. Today's statement notes that negotiations are continuing.

Although the task of matching up the interests of the principal shareholders—Anglo American Corporation and Amax—with those of the Botswana Government and the range of international banks with funds already committed is complicated, the lack of a conclusion to the negotiations indicates little enthusiasm for the provision of fresh cash.

But it is hardly likely the project will be allowed to wither away. As the only base metals operation in Botswana, it is an important element of the Government's development policy.

At an operating level, Selebi-Pikwe's performance has improved. Costs have been held at 1978 levels and prices for nickel, cobalt and copper have all risen since 1978. Thus there was an operating profit in the six months to June of Pula 6.65m (£3.69m) compared with a loss in the comparable period last year of Pula 210,000.

But by the time Botrest had met financial charges and losses on currency fluctuations there was a first half loss of Pula 10.3m against a loss of Pula 13.4m.

South Crofty cuts payment

SOUTH CROFTY, the largest tin producer in the UK, yesterday clipped its final dividend to 1.325p from 2.475p, bringing the total payment for the year to March to 3p, compared with 4.125p the previous year.

No reason for the cut was advanced in an announcement which disclosed a rise in net profits for the year to £993,257 from £938,737 in 1977-78. For the 1978-79 year, South Crofty is distributing a total of £559,944, or £58,806 less than in the previous year.

The immediate market reaction was a fall in the share price of 3p to 38p. The disappointment was compounded by the knowledge that South Crofty, last December, had lifted its interim to 1.675p from 1.65p a year before.

At that time the company, which is 65 per cent owned by Saint Piran, was expecting a better second half. It was stated that the acquisition of Tehidy Minerals would add significantly to the group profits for the year. This has not happened. First-half net profits were £506,000. Second-half net profits were thus £487,257.

The annual general meeting is at the Tregenna Hotel, Camborne, on September 27.

Palabora's R32m pit expansion

THE open-pit copper mining operation in South Africa of the Rio Tinto-Zinc group's Palabora Mining is to have its operating life extended by five years to 1997 at a cost of R32m (£17.2m).

This will mean that some 625,000 tonnes of copper, which would not otherwise have been mined from open-pit operations, will now be produced during the extra five-year period.

The latest announcement does not comment, however, on the long-held belief that Palabora will eventually become an underground mining operation after the open-pit activities end.

There will be no increase in annual copper output before 1992; the additional copper will be produced in the following five years.

The expansion is to be carried out in conjunction with The Phosphate Development Corporation (Foscor) whose operations are carried out near those of Palabora.

Foscor is to provide a loan to Palabora in return for benefits which include part of the cost of mining the additional material and the supply of an increased tonnage of phosphate-containing material.

Capital expenditure tax offsets will effectively provide part of the cost of the expansion and the extra mining cost will be capitalised until 1992. After this it will be written off against the profits from the copper produced from 1992 to 1997.

Palabora says that the net effect of these financial arrangements will be to minimise significantly the short-to-medium-term reduction in profits and dividend-paying potential which might have been expected as a result of the pit expansion.

CSR–Japan coal deal

ANOTHER contract is announced for the supply of Australian steaming coal to the Japanese electric power industry. It is between CSR's 92.65 per cent-owned Buchanan Borehole Collieries and the Electric Power Development Company of Japan.

The contract provides for the supply of 200,000 tonnes of coal a year with provision for a further 100,000 tonnes a year. It is expected to run for more than 20 years and deliveries are to begin in 1982.

The deal brings to fruition a letter of intent signed in January last year. A further letter of intent was signed with Kyushu Electric Power for 300,000 tonnes in April last year, bringing Buchanan's long-term steaming coal commitments to Japan to about 600,000 tonnes a year from 1982-84 onwards.

The largest long-term contract for steaming coal negotiated by an Australian company was the recently announced A$2bn (£1bn) deal between Blair Athol and Electric Power Development Company of Japan.

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Companies and Markets

CURRENCIES, MONEY and GOLD

Pound and dollar soft

Sterling declined from its high opening levels, while the dollar eased slightly in quiet foreign exchange trading yesterday. The pound opened at $2.2305-2.2315, following the sharp rise in New York and Chicago overnight. It touched a high point of $2.2330-2.2340, but then lost ground to $2.2225-2.2235, before closing at $2.2240-2.2250, a rise of 60 points on the day.

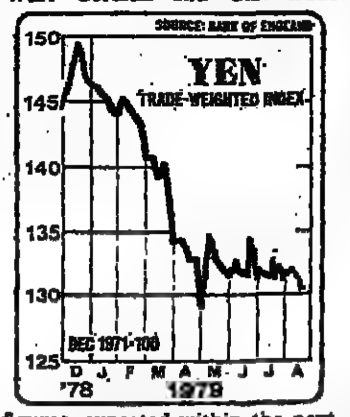
Sterling's trade-weighted index, as calculated by the Bank of England, rose to 71.0 from 70.8, after touching 71.2 at noon and in early trading.

The dollar's index, on Bank of England figures, fell to 84.7 from 84.8. The U.S. currency showed little movement once again, trading within a narrow range of DM 1.8280 to DM 1.8310 against the D-mark. It closed at DM 1.8290, compared with DM 1.8315 previously, and also declined slightly against the Swiss franc, to SwFr 1.6565 from SwFr 1.6595. The trend against the Japanese yen was similar, with the dollar easing to Y219 from Y219.45.

FRANKFURT — The Bundesbank did not intervene when the dollar was fixed at DM 1.8306, compared with DM 1.8310 against the D-mark on Wednesday. Various statistics, including the U.S. consumer price index and German July trade figures are expected in the next day or so, as well as the U.S. trade figures next week. At the moment there is little to move the market however, with the dollar trading within a narrow range throughout the day. There was no sign of official intervention outside the fixing. Sterling was firm at the fixing, rising to DM 4.0830 from DM 4.0600.

MILAN—The dollar and members of the European Monetary System were firm against the lira in slow trading at the fixing. Sterling rose to L1,822 from L1,812.25. The U.S. currency was fixed at L817.55, compared with L817.45 previously, while the D-mark improved slightly to L446.62 from L446.56.

ZURICH—The dollar was firm in the absence of any news in thin earl ytrading. The only marked movement was the apanese yen, which improved slightly against the U.S. currency. Expectations of a further rise in U.S. interest rates tended to underpin the dollar, but the market remains somewhat nervous ahead of the West German and U.S. trade



figures, expected within the next week. The dollar was quoted at SwFr 1.6575 against the Swiss franc, compared with SwFr 1.6565 at the opening, and SwFr 1.6595 at he previous close.

TOKYO — The dollar rose to Y218.90 against the yen from Y17.92½ in active trading. Buying of forward dollars was reported, and active spot buying by foreign banks, although there were intervals of selling by Japanese banks. The yen was relatively weak against most major currencies.

THE POUND SPOT AND FORWARD

Aug. 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2225-2.2340	2.2240-2.2250	0.40-0.30c pm	1.88	1.17-1.07 pm	2.01
Canada	2.5905-2.6020	2.5905-2.5925	0.57-0.47c pm	2.41	1.27-1.17 pm	1.88
Nethlnd.	4.45¾-4.49½	4.45¾-4.46¾	2⅛-1⅛c pm	4.37	5½-4½ pm	4.48
Belgium	65.10-65.50	65.13-65.23	15-5c pm	1.84	35-25 pm	1.84
Denmark	11.72-11.79	11.72¼-11.73¼	¼-2¼ore dis	−1.53	3-5 dis	−1.36
Ireland	1.0785-1.0855	1.0795-1.0805	32-42p dis	−4.11	105-115 dis	−4.07
W. Ger.	4.06-4.09½	4.06¼-4.07¼	2¾-1¾pf pm	[illegible]	7½-6½ pm	6.76
Portugal	109.35-110.00	109.45-109.75	30-80c dis	−6.02	135-235 dis	−6.75
Spain	146.75-147.50	146.85-147.05	200-250c dis	−18.37	575-675dis	−17.01
Italy	1,816-1,825	1,817½-1,819½	½lire pm-1½ dis	−0.33	4½-6½ dis	−1.21
Norway	11.19½-11.25	11.19½-11.20½	3-1ore pm	2.14	7¼-5¼ pm	2.23
France	9.47-9.52	9.47-9.48	2-1c pm	1.90	4¼-3¼ pm	1.58
Sweden	9.38-9.45	9.39½-9.40½	2½-½ore pm	1.47	3½-1½ pm	1.06
Japan	483-493	486¼-487¼	3.25-2.95y pm	7.63	9.05-8.75 pm	7.30
Austria	29.70-29.95	29.74-29.79	22-12gro pm	6.85	55-45 pm	6.72
Switz.	3.68-3.71	3.68-3.69	4½-3½c pm	11.80	11½-10½ pm	11.94

Belgian rate is for convertible francs. Financial franc 67.60-67.70c pm. Six-month forward dollar 2.09-2.04c pm. 12-month 3.79-3.87c pm.

THE DOLLAR SPOT AND FORWARD

Aug. 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2225-2.2340	2.2240-2.2250	0.40-0.30c pm	1.88	1.17-1.07 pm	2.01
Ireland†	2.0575-2.0630	2.0605-2.0630	1.08-0.98c pm	5.99	3.10-2.95 pm	5.87
Canada	1.1636-1.1660	1.1636-1.1640	0.03-0.06c dis	−0.46	0.06-0.10dis	−0.27
Nethlnd.	2.0075-2.0100	2.0075-2.0095	0.48-0.38c pm	2.57	1.30-1.20 pm	2.49
Belgium	29.30-29.325	29.30-29.315	0.5c pm-1.0 dis	−0.31	1.0 pm-1.0 dis	—
Denmark	5.2710-5.2765	5.2710-5.2725	1.25-1.75ore dis	−3.41	4.25-4.75dis	−3.41
W. Ger	1.8290-1.8300	1.8290-1.8300	0.75-0.65pf pm	4.59	2.25-2.15 pm	4.81
Portugal	49.13-49.30	49.22-49.30	25-35c dis	−7.31	80-120 dis	−8.12
Spain	66.03-66.10	66.03-66.06	100-120c dis	−19.99	300-320dis	−18.78
Italy	816.85-818.50	818.00-818.50	1.10-1.60lire dis	−1.98	6.0-7.0 dis	−3.13
Norway	5.0335-5.0347	5.0335-5.0345	0.30-0.20ore pm	0.59	0.45-0.05 pm	0.20
France	4.2580-4.2600	4.2580-4.2595	par-0.06 dis	−0.84	0.42-0.52dis	−0.44
Sweden	4.2260-4.2277	4.2265-4.2275	0.05-0.55ore dis	−1.17	0.90-1.10dis	−0.95
Japan	218.90-219.20	219.00-219.20	1.10-0.95y pm	5.6	2.90-2.75 pm	5.16
Austria	13.37-13.381	13.37-13.375	5.80-5.30gro pm	4.98	16.25-14.75pm	4.64
Switz.	1.6557-1.6581	1.6562-1.6570	1.44-1.39c pm	10.25	4.08-4.03 pm	9.79

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency

CURRENCY RATES

August 22	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.585741	0.622173
U.S. $	10½	1.29894	1.38010
Canadian $	11¾	1.51638	1.61017
Austria Sch	3¾	17.3746	18.4589
Belgian F	9	38.0817	40.4698
Danish K	9	6.85821	7.28657
D Mark	6	2.37836	2.52752
Guilder	8	2.61162	2.77580
French Fr.	9½	5.53511	5.88131
Lira	10½	1061.88	1128.25
Yen	5¼	282.644	302.588
Nrwgn. K	7	6.53627	6.94468
Spanish Pes.	8	85.7508	91.1627
Swedish Kr.	7	5.48753	5.83370
Swiss Fr.	1	2.15494	2.28959

CURRENCY MOVEMENTS

Aug. 23	Bank of England Index	Morgan Guaranty changes %
Sterling	71.0	−54.4
U.S. dollar	84.7	−8.7
Canadian dollar	81.0	−16.8
Austrian schilling	148.5	+19.6
Belgian franc	114.1	+13.4
Danish kroner	113.8	+2.5
Deutsche mark	161.9	+42.4
Swiss franc	197.5	+81.2
Guilder	123.7	+18.6
French franc	99.0	−7.1
Lira	55.5	−48.6
Yen	130.4	+29.0

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

August 23	£	$		£ Note Rates
Argentina Peso	3126-3146	1405-1415	Austria	29.80
Australia Dollar	1.9685-1.9785	0.8850-0.8895	Belgium	67½-68½
Brazil Cruzeiro	59.14-60.14	26.60-27.00	Denmark	11.65-11.80
Finland Markka	8.53¾-8.54¼	3.8380-3.8425	France	9.40-9.65
Greek Drachma	80.659-82.593	36.25-37.10	Germany	4.00-4.10
Hong Kong Dollar	11.3540-11.3540	5.1050-5.1070	Italy	1,790-1,840
Iran Rial	157.08-166.06	70-73	Japan	485-495
Kuwait Dinar (KD)	0.611-0.621	0.2762-0.2764	Netherlands	4.40-4.50
Luxembourg Frc.	65.13-65.23	29.30-29.32	Norway	11.15-11.30
Malaysia Dollar	4.7920-4.8030	2.1570-2.1580	Portugal	105-110
New Zealand Dlr.	2.1960-2.2060	0.9870-0.9915	Spain	146-148
Saudi Arab. Riyal.	7.44-7.54	3.3560-3.3575	Switzerland	3.63-3.73
Singapore Dollar.	4.7875-4.7985	2.1545-2.1555	United States	2.22-2.24½
Sth. African Rand	1.8585-1.8685	0.8355-0.8400	Yugoslavia	43½-45½

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 23	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.5181	+2.69	+1.41	±1.53
Danish Krone	7.08592	7.28759	+2.85	+1.57	±1.635
German D-Mark	2.51064	2.52834	+0.74	−0.53	±1.1325
French Franc	5.79831	5.88700	+1.53	+0.26	±1.35
Dutch Guilder	2.72077	2.77546	+2.01	+0.74	±1.5075
Irish Punt	0.662638	0.670350	+1.16	−0.11	±1.665
Italian Lira	1148.15	1129.72	−1.61	−1.61	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

August 23	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.225	4.068	487.5	9.475	3.685	4.465	1819.	2.592	65.18
U.S. Dollar	0.450	1.	1.829	219.0	4.259	1.657	2.006	817.5	1.165	29.30
Deutschemark	0.246	0.547	1.	119.8	2.329	0.906	1.097	447.1	0.637	16.02
Japanese Yen 1,000	2.052	4.565	8.348	1000.	19.46	7.565	9.159	3732.	5.319	133.8
French Franc 10	1.055	2.348	4.293	514.2	10.	3.889	4.710	1919.	2.735	68.79
Swiss Franc	0.271	0.604	1.104	132.2	2.571	1.	1.211	493.5	0.703	17.69
Dutch Guilder	0.224	0.498	0.911	109.2	2.123	0.826	1.	407.5	0.581	14.61
Italian Lira 1,000	0.550	1.223	2.237	267.9	5.210	2.026	2.454	1000.	1.425	35.84
Canadian Dollar	0.386	0.858	1.570	188.0	3.656	1.422	1.722	701.7	1.	25.15
Belgian Franc 100	1.534	3.415	6.240	747.5	14.54	5.654	6.846	2790.	3.976	100.

EURO-CURRENCY INTEREST RATES

The folowing nominal rates were quoted for London dollar certificates of deposit — one month 11.45-11.55 per cent; three months 11.65-11.75 per cent; six months 11.65-11.75 per cent; one year 11.20-11.30 per cent.

Aug. 23	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	n.a.	11⅛-11⅜	10½-11½	9⅛-9⅜	[illegible]	6⅜-6⅝	10½-10¾	10-13	—	4⅝-9½
7 days' notice	n.a.	11¼-11½	10½-11½	8½-8¾	⅞-1	6 1/16-6⅛	10½-10¾	11½-13½	12¾-12⅞	5⅝-6⅝
Month	14-14¼	12⅛-12⅜	11⅜-11⅞	8⅞-9⅛	1⅜-1¾	6⅞-7	11½-11¾	13-14	10¾-10⅞	6¼-6½
three months	14-14¼	11¾-12	11 9/16-11 11/16	9 1/16-9 3/16	1⅞-2	7-7⅛	12 1/16-12 3/16	13¾-14¾	11 1/16-11 3/16	6⅜-6⅝
six months	14-14¼	11 11/16-12 1/16	11 9/16-11 11/16	9⅛-9⅜	2⅛-2⅜	7¼-7⅜	12⅜-12⅞	14⅜-15⅜	11 9/16-11 11/16	6⅜-6⅝
one year	13½-13⅞	11¼-12	11⅛-11⅜	9-9¼	2⅞-3	7⅜-7⅝	12⅝-12⅞	15-16	11¼-11⅜	6⅛-6⅜

Long-term Eurodollar: two years 10⅝-10⅞ per cent; three years 10 9/16-10 11/16 per cent; four years 10 7/16-10 9/16 per cent; five years 10⅜-10½ per cent; nominal closing rates. Short-term rates are call for sterling; U.S. dollars and Canadian dollars: two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Bundesbank tightens credit

Interest rates were firmer for the shorter periods, but easier for longer-term rates in Frankfurt yesterday, as the West German Bundesbank council meeting announced a change in the central banks Lombard credit facility. The Bundesbank will limit the use of the facility by which banks borrow funds against securities as collateral starting from next month. State central banks will be authorised to extend Lombard credits as long as these do not exceed on a monthly average a limit based on each bank's rediscount quota.

The change was seen as a move to limit the expansion of credit, and is in line with Bundesbank policy of keeping liquidity tight to avoid excessive monetary growth.

Call money rose to 6.75-6.85 per cent from 6.70-6.80 per cent; one-month to 6.85-6.95 per cent from 6.80-6.85 per cent; and three-month was quoted at 7.10-7.22 per cent, compared with 7.10-7.15 per cent. Six-month funds were 7.30-7.40 per cent, compared with 7.35-7.40 per cent, and 12-month fell to 7.40-7.50 per cent from 7.45-7.55 per cent.

PARIS—Call money declined to 10⅜ per cent from 10½ per cent, and one-month to 10 11/16-10 13/16 per cent from 10⅞-11 per cent. Three-month fell to 10 15/16-11 1/16 per cent from 11-11¼ per cent; and six-month to 11-11¼ per cent from 11 1/16-11 3/16 per cent. 12-month was unchanged at 11 1/16-11 3/16 per cent.

BRUSSELS—The one-month deposit rate for the Belgian franc was unchanged at 11¾-12 per cent, while three-month fell to 11¾-12 per cent, from 12-12¼ per cent; and six-month to 11¼-11½ per cent from 11½-11¾ per cent. 12-month funds were unchanged at 10¾-11 per cent.

AMSTERDAM—Call money was unchanged at 8¾-9 per cent, as was one-month at 9-9¼ per cent; three-month at 9¼-9½ per cent; and six-month at 9¼-9½ per cent.

GOLD

Record close

Gold rose $¼ to a record closing level of $309¾-310¼, in fairly quiet but nervous trading. It opened at $308-308¾, the lowest level of the day, and touched a high point of $310¼-311.

In Paris the 12½ kilo gold bar was fixed at FFr 44,800 per kilo ($327.09 per ounce) in the afternoon, compared with FFr 44,850 ($327.45) in the morning, and FFr 44,900 ($327.73) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 18,150 per kilo ($308.37 per ounce), compared with DM 18,230 ($309.77) previously.

	Aug. 23	Aug. 22
Gold Bullion (fine ounce)		
Close	$309½-310¼ (£139.25-139.6)	$309-309¾ (£139.55-139.7)
Opening	$308-308¾ (£138-138.35)	$306½-307¼ (£138.2-138.55)
Morning fixing	$309.60 (£138.679)	$311.50 (£140.425)
Afternoon fixing	$310.05 (£139.192)	$311.00 (£140.185)
Gold Coins, domestically		
Krugerrand	$318¼-320¼ (£143¼-144¼)	$320-322 (£144¼-145¼)
New Sovereigns	$79½-80½ (£35¾-36¾)	$79½-80½ (£35¾-36¾)
Old Sovereigns	$114¾-116¾ (£51½-52½)	$116¼-118¼ (£52½-53½)
Gold Coins, internationally		
Krugerrand	$318¼-320¼ (£143½-144½)	$320-322 (£144½-145½)
New Sovereigns	$79½-80½ (£35¾-36¾)	$79½-80½ (£35¾-36¾)
Old Sovereigns	$114¾-116¾ (£51½-52½)	$116¼-118¼ (£52½-53½)
$20 Eagles	$428-433	$432-437
$10 Eagles	$234-239	$238-243
$5 Eagles	$189-195	$193-198

UK MONEY MARKET

Moderate assistance

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave assistance by lending a moderate amount, overnight at Bank of England Minimum Lending Rate of 14 per cent, to seven or eight discount houses.

Repayment was made of the large amount lent to the market on Wednesday, and there was a very small net take-up of Treasury bills to finance. On the other hand the market was helped by a large excess of Government disbursements over revenue payments to the Exchequer.

Discount houses paid around 14 per cent for secured call loans for most of the day, although funds were picked up at 13¾ per cent.

In the interbank market overnight loans commanded 14-14½ per cent for the most part, closing at 13 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Aug. 23 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	13-14⅛	—	—	—	14½	13¾-14	—	—	—
2 days notice	—	—	14-14⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14-14⅛	14⅛-14¼	—	14⅛	14½	13¾-13⅞	—	—	—
One month	14⅛-14	14 1/16-14 3/16	14⅛-14¼	14⅞-14⅝	14½	14½	13⅞	13 15/16-13¼	14	14⅜
Two months	14 1/16-13 15/16	14-14¼	—	14⅞-14⅝	14½	—	13¾	13⅞	13 15/16	14¼
Three months	14-13 15/16	13 15/16-14 1/16	14-14⅛	14⅛-13⅞	14⅝	14½	13¾	13 29/32-13 25/32	13¾	14
Six months	13⅝-13 9/16	13 7/16-13 9/16	13⅝-13¾	13⅝-13	14	—	—	—	13 11/32	13¾
Nine months	12¾-12 11/16	12¾-12 13/16	—	13-12⅝	13¼	—	—	—	—	—
One year	12⅝-12¼	12½-12 11/16	12⅞-13	12⅝-12⅝	13	—	—	—	—	—
Two years	—	—	12¾-13	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. * Long-term local authority mortgage rates nominally three years 12¾-12⅞ per cent; four years 12¾-12⅞ per cent; five years 12⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13 9/32 per cent; four-month trade bills 14 per cent.

Approximate selling rate for one-month Treasury bills 13 9/16 per cent; two-month 13 9/16 per cent; three-month 13¼ per cent. Approximate rates for one-month bank bills 13 23/32 per cent; two-month 13⅞ per cent; and three-month 13 23/32 per cent; one-month trade bills 14⅛ per cent; two-month 14⅛ per cent; and three-month 13⅞ per cent.

Finance House Base Rates (published by the Finance Houses Association) 14 per cent from August 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.2975 per cent.

MONEY RATES

NEW YORK	
Prime Rate	12
Fed Funds	11-11.125
Treasury Bills (13-week)	9.48
Treasury Bills (26-week)	9.46
GERMANY	
Discount Rate	5
Overnight Rate	6.80
One month	6.90
Three months	7.15
Six months	7.35
FRANCE	
Discount Rate	9.5
Overnight Rate	10.375
One month	10.75
Three months	11
Six months	11.0625
JAPAN	
Discount Rate	5.25
Call (Unconditional)	6.6875
Bills Discount (three-month)	7

APPOINTMENTS

LEGAL NOTICES

IN THE MATTER OF DANA PINE FURNITURE LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 25th day of September, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned LEONARD CYRIL CURTIS, FCA, of 3/4 Bentinck Street, London W1A 3BA the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 14th day of August, 1979.
LEONARD CYRIL CURTIS, FCA, Liquidator

THE COMPANIES ACTS 1948 TO 1976
L. F. R. NAVARRO LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO., 3/4 Bentinck Street, London W1A 3BA, on Thursday, the 6th day of September, 1979 at 12 o'clock noon, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 10th day of August 1979.
By Order of the Board
L. NAVARRO, Director

COMPANY NOTICES

THE SUNGEI BESI MINES MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the third annual general meeting of the members of The Sungei Besi Mines Malaysia Berhad will be held at the registered office of the company, Wisma Bunga Raya, 152, Jalan Ampang, Kuala Lumpur, Malaysia on Wednesday, 19th September 1979 at 10.30 a.m. for the following purposes:

To consider and if though fit, pass the following as ordinary resolutions:

1. "That the profit and loss account for the year ended 31st March 1979 and the balance sheet of the company at that date together with the annexed report of the directors be and are hereby approved and adopted and that the final dividend of 350 sen per share less tax at 40%, recommended therein be and is hereby declared payable on 20th September 1979 to shareholders registered at the close of business on 30th August 1979."
2. "That Mr. Lee Siew Choong who retires from the board by rotation be and is hereby re-elected a director of the company."
3. "That Mr. J. G. Richardson who retires from the board by rotation be and is hereby re-elected a director of the company."
4. "That Messrs Peat, Marwick, Mitchell & Co be and are hereby appointed the company's auditors for the period until the conclusion of the next annual general meeting and that the remuneration to be paid to them be fixed by the board."

By order of the board
CHAN HON KEONG
Secretary

Kuala Lumpur
23rd August 1979

Notes:
1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the company. A form of proxy to be valid must reach the Malaysian registrars' office at Wisma Bunga Raya, 152, Jalan Ampang, Kuala Lumpur 04-06, Malaysia, or the United Kingdom registrars' office at Charter House, Park Street, Ashford, Kent, TN24 8EQ, England, not less than 48 hours before the meeting.
2. There are no directors' service contracts required by The Stock Exchange, London to be made available for inspection at the meeting.

Banque Francaise du Commerce Exterieur
$US 30,000,000 Floating Rate Notes 1977-84

In accordance with the terms and conditions of the above Notes, the rate of interest applicable for the half-year period beginning August 23rd, 1979, has been fixed at 11[illegible]%.

BANQUE INTERNATIONALE A LUXEMBOURG SOCIETE ANONYME
Trustee

KAMUNTING TIN DREDGING (M) BERHAD
(Incorporated in Malaysia)

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the second annual general meeting of members of Kamunting Tin Dredging (M) Berhad will be held at the registered office of the company, Wisma Bunga Raya, 152, Jalan Ampang, Kuala Lumpur 04-06, Malaysia, on Wednesday, 19th September 1979 at 10.00 a.m. for the following purposes:

To consider and if thought fit, pass the following as ordinary resolutions.

1. "That the profit and loss account for the year ended 31st March 1979 and the balance sheet of the company at that date and the consolidated profit and loss account for the year ended 31st March 1979 and the consolidated balance sheet at that date, together with the annexed report of the directors including their recommendation for the payment of a final dividend of 40 sen per share less tax at 40% be and are hereby approved and adopted."
2. "That Encik Abdul Rahim Aki who retires from the board by rotation be and is hereby re-elected a director of the company."
3. "That Encik Azman Hashim who retires from the board by rotation be and is hereby re-elected a director of the company."
4. "That Encik Abdul Salam Raja Mohd, who was appointed to the board since the last annual general meeting be and is hereby re-elected a director of the company."
5. "That Encik Abdul Samad Haji Alias who was appointed to the board since the last annual general meeting be and is hereby re-elected a director of the company."
6. "That Messrs Turquands Ernst & Whinney be and are hereby appointed the company's auditors until the conclusion of the next annual general meeting and that their remuneration be fixed by the board."

By order of the board
ZULKIFLI TALIB
Secretary

Kuala Lumpur
23rd August 1979

Notes
1) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the company. A form of proxy to be valid must reach the Malaysian registrars at Wisma Bunga Raya, 152, Jalan Ampang, Kuala Lumpur 04-06, Malaysia or the United Kingdom registrars at Charter House, Park Street, Ashford, Kent, TN24 8EQ, not less than 48 hours before the meeting.
2) There are no directors' service contracts required by the Stock Exchange, London to be made available for inspection at the meeting.

THE "SHELL" TRANSPORT AND TRADING COMPANY, LIMITED

NOTICE IS HEREBY GIVEN that a balance of the Register will be struck on Monday, 3rd September, 1979 for the preparation of the half-yearly dividend payable on the 5½% FIRST PREFERENCE SHARES for the six months ending 30th September, 1979. The dividend will be paid on 1st October, 1979.

For Transferees to receive this dividend, their transfers must be lodged with the Company's Registrar, Lloyds Bank Limited, Registrar's Department, Goring-by-Sea, Worthing, Sussex, not later than 3.00 p.m. on Monday, 3rd September, 1979.

By Order of the Board,
G. J. OKELL, Secretary.

Shell Centre,
London SE1 7NA.
24th August, 1979.

HOME BREWERY COMPANY LIMITED

CUMULATIVE PREFERENCE SHARES

NOTICE IS HEREBY GIVEN that the Transfer Books of the above Company will be closed from 24th September 1979 to 30th September 1979 (both dates inclusive) in order that the dividend warrants may be prepared for the half-year ending 30th September 1979.

By Order of the Board.
B. DAVYS, Secretary.

The Brewery,
Nottingham NG5 6BU.
23rd August, 1979.

J.A. DEVENISH & COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the TRANSFER BOOKS of the 4¼% Redeemable Debenture Stock 1981/86 and the 3.85% Cumulative Preference Stock will be closed from the 17th to 28th September, 1979 (both dates inclusive) for the preparation of the warrants for Interest and Dividend payable on the 29th September, 1979.

By Order of the Board
J. A. LUTHWAITE,
Secretary.

Trinity House,
15 Trinity Street,
Weymouth.
7th August 1979.

SOUTHERN KINTA CONSOLIDATED (M) BERHAD
(Incorporated in Malaysia)

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the second annual general meeting of members of Southern Kinta Consolidated (M) Berhad will be held at the registered office of the company, Wisma Bunga Raya, 152, Jalan Ampang, Kuala Lumpur 04-06, Malaysia, on Wednesday, 19th September 1979 at 9.30 a.m. for the following purposes:

To consider and if thought fit, pass the following as ordinary resolutions.

1. "That the profit and loss account for the year ended 31st March 1979 and the balance sheet of the company at that date and the consolidated profit and loss account for the year ended 31st March 1979 and the consolidated balance sheet at that date, together with the annexed report of the directors including their recommendation for the payment of a final dividend of 90 sen per share less tax at 40% be and are hereby approved and adopted."
2. "That Encik Abdul Rahim Aki who retires from the board by rotation be and is hereby re-elected a director of the company."
3. "That Encik Azman Hashim who retires from the board by rotation be and is hereby re-elected a director of the company."
4. "That Y. M. Raja Badrol Ahmad who was appointed to the board since the last annual general meeting be and is hereby re-elected a director of the company."
5. "That Encik Abdul Samad Haji Alias who was appointed to the board since the last annual general meeting be and is hereby re-elected a director of the company."
6. "That Messrs Turquands Ernst & Whinney be and are hereby appointed the company's auditors until the conclusion of the next annual general meeting and that their remuneration be fixed by the board."

By order of the board
ZULKIFLI TALIB
Secretary

Kuala Lumpur
23rd August 1979

Notes.
1) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the company. A form of proxy to be valid must reach the Malaysian registrars at Wisma Bunga Raya, 152, Jalan Ampang, Kuala Lumpur 04-06, Malaysia or the United Kingdom registrars at Charter House, Park Street, Ashford, Kent, TN24 8EQ, not less than 48 hours before the meeting.
2) There are no directors' service contracts required by the Stock Exchange, London to be made available for inspection at the meeting.

LEGAL NOTICES

IN THE MATTER OF SCARLET BAND RECORDS LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 30th day of September, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned PHILIP MONJACK, FCA, of 3/4 Bentinck Street, London, W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 10th day of August, 1979.
PHILIP MONJACK, FCA,
Liquidator.

PUBLIC NOTICES

HAMPSHIRE COUNTY COUNCIL
£7m bills issued 24.8.79 to mature 21.9.79 at a rate of 13 17/64%. Total applications were £42m and there are £39m outstanding bills.

CONTRACTS AND TENDERS

HELLENIC REPUBLIC MANPOWER EMPLOYMENT ORGANIZATION (M.E.O.)

INVITATION FOR INTERNATIONAL BIDS

1. The Government of Greece has received a Loan (No. 859 GR) totalling $23.5 million, from the International Bank for Reconstruction and Development (I.B.R.D.) towards the Second Educational Project. This programme, regarding M.E.O., consists of the following:
   (a) Eight (8) new Vocational Training Centres (KEKATE and KM) (construction, equipment, furniture);
   (b) Ten (10) Vocational Training Centres (equipment only);
   (c) Three (3) Mobile Units for Vocational Training.
2. This announcement concerns the procurement of the remaining mechanical-electrical equipment and furniture for the eight (8) new Centres now awarded in previous biddings (repeat biddings). The mechanical-electrical educational equipment includes drills, planes, hand tools, steel, cables, pipes, etc., and is grouped in nine packages according to type and similarity (Supply: Phase B-Stage 2 second call).
3. Bidding will be among firms from member countries of the I.B.R.D. and Switzerland and will take place from 8th October, 1979, until 18th October, 1979. Bid documents will be distributed to interested parties at a fee of US$10.
4. Additional information may be obtained from:

MANPOWER EMPLOYMENT ORGANIZATION
DIRECTORATE OF SUPPLIES
33, Halkokondili Street, Athens, 102, Greece.
Working days and hours 10.00-12.00.

First Union General Investment Trust Limited

(Incorporated in the Republic of South Africa)

A Member of the Liberty Life Group

ANNOUNCEMENT OF TERMS OF RIGHTS OFFER

Further to the announcement dated 3 August 1979, Guardian Liberty Investment Corporation Limited is authorised to announce that the rights offer by FUGIT of 12 420 000 new ordinary shares, which will rank pari passu with the existing ordinary shares, will be on the basis of:

1 new ordinary share of 25 cents at 120 cents per share for every 5 ordinary shares held. The issue price of 120 cents represents a discount of 25 per cent on the net asset value per ordinary share of 160 cents as at the close of business on 22 August 1979.

The offer will be made to all ordinary shareholders registered at the close of business on 31 August 1979.

Dealings in the rights shares, nil-paid, are expected to commence on The Stock Exchange, London, on 4 September 1979 for deferred settlement 11 September 1979.

A circular setting out full details of the rights offer, together with the letter of allocation (nil-paid) will be posted on 7 September 1979 to eligible shareholders.

Johannesburg
24 August 1979

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Steady growth in Esmark earnings

By Our Financial Staff

ESMARK, the food, chemical and energy group, has pushed earnings ahead from $2.70 to $3.16 a share in the first nine months of the current year. This adds strength to the predictions by analysts that earnings for the full year may rise from $3.81 to $4.20 a share—and that an increase in the 46 cents quarterly dividend is on the cards this year.

Total net for the first nine months was 16.6 per cent up at $66.4m, on sales increased by a similar percentage to $4.9bn.

The second quarter brought a 26.7 per cent gain in net earnings to $25.1m, with share earnings at $1.30 against 93 cents. Sales rose by 13.3 per cent to $1.7bn.

Results have been restated to allow for the acquisition of Pemcor in September, 1978.

Further gains in earnings have been predicted. Prospects are bright for Esmark's large meat packing subsidiary, Swift and Co. Energy operations, which now bring in about 17 per cent of profits, are likely to show further progress.

Uni Oil in $96m merger

By Our Financial Staff

HIGHLANDS COAL and Chemical Corporation has agreed in principle to merge with Uni Oil, a privately-owned refiner, in a deal worth $96m in which Uni Oil will emerge as a public company that controls Highlands.

Highlands has coal interests in Alabama and Kentucky, and earned $777,809 or 20 cents a share on sales of $2.9m in the six months to January 31. Houston-based Uni Oil earned $13.7m on sales of $596m in the year ended June 30.

Uni Oil operates an oil refinery at Corpus Christi, Texas, and has other oil-related business interests. It has moved to acquire Highlands because it wants to become a broader-based energy company.

Reliance shareholders sue Exxon on takeover delay

BY STEWART FLEMING IN NEW YORK

EXXON, the major U.S. oil group, is facing its first lawsuit as a result of its decision to postpone payment to shareholders of Reliance Electric who tendered stock to Exxon in the wake of its 1.2bn takeover bid for Reliance.

Exxon said a lawsuit was opened against the company in Supreme Court I, New York County, by Colonial Securities Corporation, on its own behalf and "as the representative of a class consisting of all persons who accepted the defendant's offer dated June 21 to purchase any and all outstanding shares of stock of Reliance Electric."

The decision by Exxon to postpone payment for the stock followed a judgment by a U.S. district court which could make the take-over less attractive to the oil company. A further hearing on that court ruling is due to begin on Monday.

Already, however Reliance Electric itself, which has not opposed what was generally seen as a generous $72 a share offer for the company, has challenged Exxon's legal right not to proceed with its tender offer until the uncertainties about the court ruling are cleared up to its satisfaction.

Although the court approved Exxon's purchase of Reliance, the company could not take control of Reliance's motors and drives business pending further examination of the anti-trust implications of the merger. Exxon claims that preventing it from exercising the rights of ownership over the Reliance operations undermines the purpose of the deal.

It is planning to present a compromise proposal to the court to try to meet this problem although the Federal Trade Commission, which is pursuing the anti-trust case against Exxon, has indicated that this will be challenged.

● Reliance Electric yesterday reported third quarter earnings of 92 cents a share, after a charge of 31 cents from a one-time inventory write-up incurred in the purchase of Federal Pacific Electric. This compared with $1.00 a share for the corresponding 1978 quarter.

Setback for Federated Stores

BY OUR FINANCIAL STAFF

THREE MORE leading department store groups have now announced second quarter results. Federated Department Stores turned in lower net earnings of $22.6m, or 47 cents a share, compared with $27.7m or 58 cents a share, on increased sales of $1.26bn, against $1.18bn. Half-year earnings were also down, from $52.9m or $1.10 a share to $50.7m or $1.05 a share, on sales up from $2.29bn to $2.47bn.

The company said that although the sales gain in the second quarter generally met expectations, sales were extremely promotional and therefore, profits were lower.

Dayton Hudson's second quarter earnings totalled $17.53m or 74 cents a share on sales of $742.6m. In the corresponding period of 1978, earnings were $3.26m, equal to 13 cents a share, on sales of $650.6m.

Fourth quarter earnings amounted to $15.6m, equal to $1.33 a share or $1.12 fully diluted, with sales totalling $981.5m. Comparative earnings, on a pro forma basis, were $16.8m, equal to $1.44 a share, or $1.21 fully diluted, on sales of $840.7m.

Earnings for the half-year were $31.97m, equal to $1.35m a share, while sales totalled $1.4bn compared with $1.22bn previously.

Earnings for 1979 exclude $1.14 for the quarter and $1.36 for the half-year in respect of earnings from discontinued real estate operations, compared with $6.47 and $6.51 respectively for 1978. The 1978 net, however, includes charges of 48 cents a share relating to the group's Mervyn's store merger and its Detroit store closure.

Good year for United Brands

BY OUR FINANCIAL STAFF

EARNINGS of United Brands, the world's largest producer of bananas and fruit, amounted to $21.4m or $1.72 a share for fiscal 1979 on net sales of $3.5bn. Net diluted earnings were equal to $1.12 a share.

Direct comparison with the previous 12 months results are complicated since the group has changed from a calendar year to a fiscal year ending June 30.

But the group, headed by Mr. Seymour Milstein, considers the results reflected a considerable improvement on 1978. On a pro forma basis, earnings for that year totalled $12.6m or 95 cents a share on sales of $2.7bn.

Meanwhile, the board of United Brands declared a 5 cents dividend on capital stock for its fiscal 1980 first quarter. The company also declared its usual year-end dividend of 15 cents a share. Both dividends are payable on October 15 to shareholders on record at September 5.

Marine Midland sells share stakes

By Our Financial Staff

MARINE MIDLAND BANKS of New York has reached agreement to sell its 15 per cent stake in Banque de l'Union Européenne to Nederlandsche Middenstandsbank (NMB), one of Holland's big three commercial banks.

Banque de l'Union Européenne, which is based in Paris, had capital funds at the end of 1977 of $105m. It is associated with the Franco-Belgian steel, engineering and nuclear group Empain-Schneider.

Marine Midland, which is the twelfth largest bank in the U.S. and is the subject of a $300m bid for control from Hongkong and Shanghai Banking Corporation, is also disposing of all but ten per cent of its 45 per cent interest in another Paris bank, Interunion-Banque.

Kredietbank of Brussels and NMB have each agreed to acquire 45 per cent of Interunion-Banque, which is currently owned by Banque Européenne, Royal Bank of Canada's RBC Holdings of Amsterdam, Tokai Bank, Bayerische Vereinsbank and Marine Midland.

VW interested in Chrysler facilities

By Our Financial Staff

THE WEST GERMAN motor manufacturer Volkswagen may be interested in buying facilities from the troubled Chrysler Corporation. Herr Friedrich Thomee, VW's finance director, said that it might be possible to acquire some of Chrysler's facilities for components at a favourable price, especially considering the U.S. recession.

Chrysler is an important supplier of components to VW of America, and VW's U.S. sales have been held down by delivery bottlenecks, Herr Thomee said. He repeated VW's denials that it was planning to take over the whole of Chrysler, adding: "I have always been of the opinion that you should not take over a company which needs restructuring."

VW reported on Wednesday that net profit for the first half had risen by 13 per cent to DM 300m, on sales of DM 15.26bn. The company expects full year profits to top 1978's record of DM574m.

Tenneco move

The oil, chemical and packaging concern Tenneco is considering the acquisition of the outstanding 10 per cent minority in its 90 per cent-owned subsidiary East Tennessee Natural Gas Company, AP-DJ reports from Houston.

EUROBONDS

Dollar sector holds steady

By Francis Ghilès

A $20m five-year floating rate note is being arranged for Siam Commercial (Cayman) by a group of banks led by Citicorp and Manufacturers Hanover. The issue has been pre-underwritten and which is guaranteed by Thai state-controlled Siam Commercial Bank, includes an interest rate of ¼ per cent above the six-month Libor rate with a minimum of 7½ per cent.

Prices of seasoned dollar issues were unchanged yesterday both in the straight and FRN sectors of the market, despite the fact that the six-month Libor rate edged up by 1/16 to touch 11 per cent.

In New York, Morgan Stanley is arranging a $50m five-year issue of floating rate note certificates of deposit, due 1984, for the Bank of Tokyo. These CDs, believed to be the first ever for a Japanese bank, carrying a five-year maturity in the New York market, are expected to carry an interest rate of 0.45 per cent above the U.S. domestic corporate CD rate.

Meanwhile Imperial Oil of Canada has filed a registration statement with the U.S. Securities and Exchange Commission for a $250m Yankee bond due 2009. oint lead managers are Salomon Brothers and Wood Gundy. Imperial Oil is 69 per cent owned by Exxon Corporation.

French franc Eurobonds eased by around ½ of a point yesterday after the terms of the new FFr 6bn domestic bond were announced. The bond carries an interest rate of 10.80 per cent, 80 basis points higher than the rate offered on the last French state bond which was floated in June, and matures in 1994.

Yields on seasoned domestic bonds for prime French state names such as Electricite de France moved up around 20 basis points to around 11.50 per cent yesterday.

Prices of foreign bonds in the Deutsche Mark sector were unchanged in thin trading. The market shrugged off the measures announced yesterday by the Bundesbank which aim to limit the expansion of credit and avoid excessive monetary growth.

Sharply-increased results for Hoechst in first half

BY JONATHAN CARR IN BONN

HOECHST, the big West German chemical concern, has followed its rival BASF in announcing a sharp rise in profits and sales in the first half of this year. Bayer—the other member of the chemical "big three"—is likely to show similar progress when its figures are released next week.

Hoechst group pre-tax profit rose by 42.7 per cent to DM 785m ($429m) in the first half on sales up by 7.5 per cent to DM 13bn. The profit-sales ratio has thus improved to 6 per cent from the 4.5 per cent in the first half of last year.

At first sight, chemicals sales appear to have been much more buoyant at home than abroad, with the former rising by 10.3 per cent to DM 4.3bn and the latter by 6.1 per cent to DM 8.7bn. The company says that the figures for its chemical plant-manufacturing subsidiary, UHDE, somewhat distort the picture and that home and foreign markets for chemical products were equally satisfactory.

Hoechst was able to sell bigger quantities in every department—with above average growth registered in the organic chemicals, plastics and agro-chemicals division. Key foreign markets were Western Europe, the Far East and the U.S.

The performance of the parent company, Hoechst AG, was similarly impressive, with pre-tax profits rising by 36.1 per cent to DM 452m on sales up by 12.7 per cent to DM 5.2bn. Use of capacity at Hoechst's domestic factories was up to 85 per cent against 81 per cent last year.

It is clear that at least part of the strong sales rise is due to stockpiling by customers trying to hedge themselves against further rises in raw materials prices. Hoechst notes that it has not so far passed on all the rise in raw materials input costs it has suffered this year.

In addition the strength of the general upswing in the West German economy this year is working through to the whole chemical industry, which is closely integrated with virtually all branches of industrial production.

Beyond that the new figures are being compared with those from a disappointing year. Chemical industry turnover rose by only 2.7 per cent in 1978 and exports by just 3.4 per cent while producer prices fell by 1.6 per cent.

Fransk plans reconstruction

BY HILARY BARNES IN COPENHAGEN

DANISH SHIPPING company, Dansk Fransk, which has suspended payments to creditors, hopes that the move will give it time to carry out a reconstruction acceptable to creditors, managing director Mr. N. Hahn Petersen said yesterday. But he said that the company's capital of DKr 50m ($9.5m) had to be considered "lost."

The company has already sold off most of its tonnage and now retains only four vessels, two of them on the company's West Africa-Continental line and two free sailing. Two container vessels used on its UK-Continent-Red Sea line were sold recently but have yet to be delivered to their new owners. Earlier this year the company sold two bulk carriers and two multi-purpose vessels as well as a vessel on charter to the Royal Greenland Trading Company.

The company retains a 50 per cent interest in a master construction barge offshore support vessel, Belford Dolphin, which is owned jointly with a Norwegian company and sails under the UK flag. The company also has a majority interest in a profitable Danish ferry company, Jyske Faergefart.

Mr. Hahn Petersen could not say how large the company's liabilities are. A major creditor is Copenhagen Handelsbank, which has informed shareholders that a provision against a potential loss in the company was allowed in the 1978 accounts. A Dutch bank also has claims on the company.

By the end of last year the company's shareholders' funds had sunk to DKr 30m, from DKr 212m 12 months earlier. The company made a loss last year of DKr106m with gross revenues of DKr 277m. In 1977, gross revenue was DKr 303m and there was a loss of DKr 1.8m.

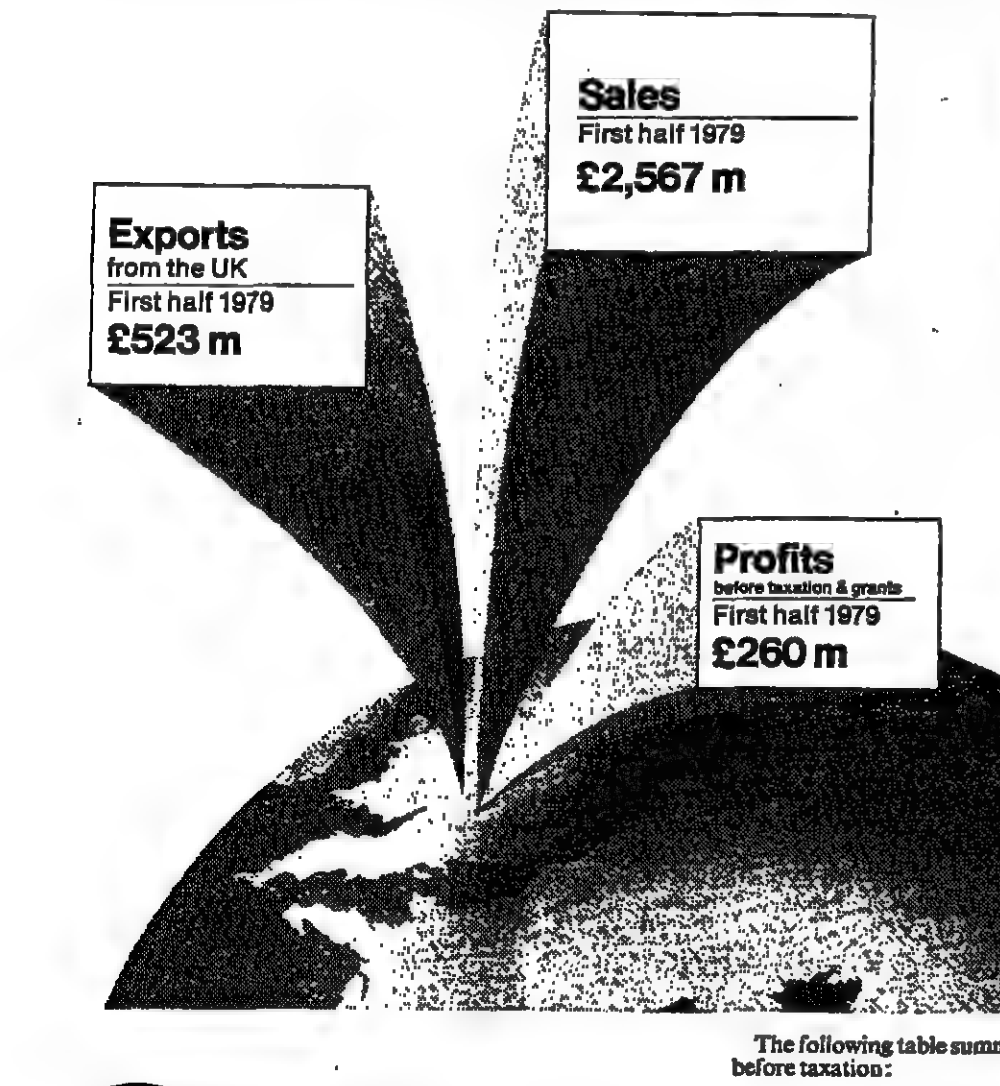
*

Saleinvest, the Swedish shipping group, reports a pre-tax loss of SKr 15m ($3.6m) for the first half of 1979 compared with a loss of SKr 68m, writes Victor Kayfetz from Stockholm.

If the tanker and dry cargo markets remain at current levels for the remainder of 1979, breakeven earnings for the group are well within reach. The unstable situation in the Middle East makes, however, any predictions regarding the tanker market difficult.

Consolidated sales rose nearly 17 per cent to SKr 135bn ($320m) in January-June. Extraordinary income was SKr 16m, compared with a net figure of SKr 8m in the first half of 1978. The increase was partly due to an insurance settlement for an oil-drilling platform owned by Salen Energy, which was totally destroyed in a blow-out last April.

In 1978 Saleinvest recorded a pretax loss of SKr 343m on sales of SKr 2.25bn. The group's operating loss of SKR 163m included operating earnings of SKr 121m on refrigerated cargo (reefer) vessel turnover of SKr 1.9bn and operating losses of SKr 108m and SKr 213m on dry cargo and tanker operations, respectively.



ICI in 1979

1st half year

The Board of Directors of Imperial Chemical Industries Limited announce the following unaudited trading results of the Group for the first half of 1979, with comparative figures for 1978.

1978 First Half (restated) £ millions	1978 Year £ millions		1979 First Half £ millions
2,216	4,533	**Sales to external customers**	2,567
251	421	**Profit before taxation and grants**	260
		After providing for:	
107	225	Depreciation	118
4	39	Exchange loss on net current assets of overseas subsidiaries	29
56	100	Taxation less grants	53
195	321	**Profit after taxation and grants**	207
−9	−17	Applicable to minorities	−8
186	304	**Profit applicable to Parent Company before extraordinary items**	199
−5	−3	Extraordinary items	−21
181	301	**Profit applicable to Parent Company after extraordinary items**	178

Group sales in the first half of 1979 were £2,567m (1978 £2,216m). The value of sales in the UK increased by £175m to £1,050m and in overseas markets by £176m to £1,517m. The f.o.b. value of exports from the UK was £523m (1978 £435m).

Sales in the second quarter (£1,382m) were higher than achieved in the first quarter (£1,185m). The increase was due to volume improvements (first quarter affected by haulage strike) and price rises following increased feedstock costs.

Profits in the second quarter showed substantial improvement over the depressed level of the first quarter, particularly in the United Kingdom and Continental Western Europe. This was due mainly to the increased volume of business but there was also some improvement in selling prices. However, by the end of the quarter there was evidence that profit margins were beginning to narrow. Oil profits, principally from the Ninian field, are now making a significant contribution; in the second quarter this amounted to £17m after providing for Petroleum Revenue Tax of £6m.

The following table summarises the quarterly sales and profits before taxation:

	Group sales £m	Group profit before tax: Excluding exchange gain/loss £m	Exchange gain/loss £m	Total £m
1978				
1st Quarter	1,060	119	−7	112
2nd Quarter	1,156	136	3	139
3rd Quarter	1,125	105	−22	83
4th Quarter	1,192	100	−13	87
Year	**4,533**	**460**	**−39**	**421**
1979				
1st Quarter	1,185	107	−9	98
2nd Quarter	1,382	182	−20	162

On a current cost accounting basis, the total of additional depreciation, cost of sales adjustment and erosion of the value of trade debtors less creditors would have reduced Group profit before tax and grants for the first half of 1979 by £205m (1978, £137m).

These adjustments have a particular relevance to the long term impact of inflation on the results of the Group and for this reason, after the end of this financial year, they will be published only on an annual basis.

The charge for taxation less grants for the first half of 1979 and the comparative figures for 1978 have been prepared in accordance with the Statement of Standard Accounting Practice No. 15 – "Accounting for Deferred Taxation". The charge, amounting to £53m (1978 £56m) consists of £26m of UK corporation tax (1978 £38m) less a credit of £11m for Government grants (1978 £11m), £31m overseas tax (1978 £25m) and £7m on the profits of principal associated companies (1978 £4m).

Extraordinary items (£21m) includes a provision of £15m in respect of loan guarantees relating to the Company's investment in Cleveland Potash Ltd.

Interim Dividend for 1979

The Board has declared an interim dividend of 12.0 pence (twelve point nought pence) per £1 unit of Ordinary stock of the Company in respect of the year 1979 (1978 10.0 pence). This together with the imputed tax credit of 5.14 pence is equivalent to a gross dividend of 17.14 pence (1978 14.93 pence). This represents an increase of 14.8%.

The interim dividend now declared will absorb £70m and is payable on 9 November 1979 to Ordinary stockholders registered in the books of the Company on 28 September 1979.

Trading results for first nine months of 1979 will be announced on Thursday 22 November 1979.

FT INTERNATIONAL BOND SERVICE

The list shows the 300 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on August 23

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	97⅛	97⅞	0	−0⅛	10.38
Alex Howden XW 9½ 91	30	80	81½	+0⅛	−0⅛	12.75
Australian Res. 9⅝ 84	30	97½	97⅞	0	−0⅛	10.25
Avco O/S Cap. 10½ 87	40	94⅞	95⅜	−0⅛	−1⅛	11.20
Bayer Int. F. XW 7¾ 89	200	83⅛	83⅝	−0⅛	−0⅛	10.04
Beneficial Fin. 9⅝ 87	100	97⅛	97⅝	0	−0⅛	10.22
CECA 9⅝ 94-99	50	92⅞	93⅜	−0⅛	−0⅞	10.21
CECA 10⅝ 91	150	97⅛	97⅝	0	−0⅛	11.15
CECA 9⅛ 89	125	93⅜	93⅞	−0⅛	−3⅞	10.80
Canadian Pacific 9⅝ 89	50	97⅛	97⅝	−0⅛	−0⅛	10.15
Carter Hawley 9⅝ 86	50	96⅛	96⅝	−0⅛	−0⅛	10.48
Comalco Inv. E. 10½ 91	40	98⅜	98⅞	−0⅛	−0⅛	10.45
Continental Grp. 9⅝ 86	100	97⅜	97⅞	0	−0⅛	10.11
Dome Petroleum 10 94	50	94½	95	−0⅛	−1⅛	10.71
Dominion Bridge 10⅛ 84	30	99⅜	99⅞	+0⅛	0	10.33
Dow Chem. O/S 9⅝ 94	200	97⅛	97⅝	−0⅛	−0⅛	9.98
EIB 9⅝ 86	150	98⅛	99⅛	−0⅛	−0⅛	10.08
EIB 9⅞ 99	100	99⅜	99⅞	−0⅛	−0⅛	10.16
EIB 9⅞ 87	150	100	100½	0	−0⅛	10.06
EIB 10 99	150	100⅛	100⅝	0	−0½	10.20
Export Dv. Con. 9.85 84	150	99⅞	100⅜	0	−0⅛	10.06
Export Dv. Con. 9⅝ 84	100	96½	97	0	−0⅛	10.15
Finland 9½ 86	100	97	97½	−0⅛	−0⅛	10.07
Finland 9⅝ 89	100	97⅞	98⅜	0	−0⅛	10.17
GTE Finance 9½ 84	50	96½	97	−0⅛	−1⅛	10.40
GTE Finance 9⅝ 89	55	94⅛	95⅛	−0⅛	−1	10.80
General Motors 9⅜ 86	100	96⅛	97	−0⅛	−0⅛	9.91
Gould Int. Fin. 9⅝ 86	50	97⅛	97⅝	0	−0⅛	10.34
Hoechst Fin. XW 8⅛ 89	125	78⅛	79⅛	−1⅛	−0⅛	10.22
Hudson Bay Co. 10 84	50	98	98½	−0⅛	−0⅛	10.22
ITT Antilles 9½ 89	75	95⅛	95⅝	−0⅛	−0⅛	10.24
Kennecott Int. 9½ 86	100	92⅞	93⅜	−1⅛	−1⅛	10.98
Manitoba 9½ 89	75	96⅛	96⅝	+0⅛	−0⅛	10.07
Nat. Des Telecm. 9½ 86	100	97⅜	97⅞	0	−0⅛	9.98
New Brunswick 9⅝ 94	75	95⅜	95⅞	−0⅛	−0½	10.33
Newfoundland 10 94	50	98⅜	98⅞	0	−0⅛	10.17
Norsk Hydro 9⅝ 94	50	93⅝	94⅛	0	−0⅛	10.04
Norway 9⅝ 84	150	99⅞	100⅜	0	−0½	10.02
Norway 9½ 84	150	97⅞	98⅜	0	−0⅛	9.98
Nova Scotia Pwr. 9⅝ 89	50	96½	97	0	−0⅞	10.28
Occidental Fin. 10⅛ 84	50	98⅜	98⅞	−0⅛	−0⅛	10.50
Orient Leasing 9½ 86	25	94⅞	95⅜	0	−0⅛	10.52
Pennwalt O/S F 9⅝ 84	25	97½	98	−0⅛	−0⅛	10.35
Pepsico Cap. 9⅛ 84	100	97½	98	0	−0½	9.86
Portland 10 84	50	97½	98	−0⅛	0	10.62
Quebec Hydro 10 99	75	94⅞	95⅜	0	−0½	10.60
Redland Fin. XW 9⅛ 91	25	89½	90	−0⅛	−1⅛	11.10
Sears Roebuck 9 82	150	97½	98	0	−0⅛	10.02
Statoil 9⅝ 89	100	96½	97	−0⅛	−0½	10.16
Stockholm 9⅞ 94	60	99⅛	99⅝	0	−0⅛	10.07
Sweden 9⅝ 89	100	97⅞	98⅜	0	−0½	10.05
Sweden 9⅝ 86	200	98	98½	−0⅛	−0⅞	10.10
Sweden 9⅝ 84	100	98⅛	98⅝	−0⅛	−0⅛	10.18
Unilever NV 9⅛ 87	100	95⅞	96⅜	−0⅛	−0⅛	9.97
Warner-Lambert 9 84	100	96⅛	96⅝	−0⅛	−0½	9.93

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 7½ 89	150	95⅝	96⅛	0	−0	8.12
Asian Dev. Bk. 7⅛ 89	100	98⅞	99⅜	−0⅛	0	7.41
Banco Desarrollo 7⅛ 86	100	94½	95	−0⅛	−0⅛	8.31
Barclays O'seas 6⅝ 89	100	98⅝	99⅛	−0⅛	0	6.89
Brazil 7⅛ 87	150	97	97½	+0⅛	−0⅛	7.72
Brazil 8 87	150	100⅛	100⅝	+0⅛	−0⅛	7.93
CECA 7 91	150	98⅞	99⅜	+0⅛	+0⅛	7.15
Council of Eur. 7⅛ 89	100	98⅞	99⅜	0	−0⅛	7.35
Denmark 5⅝ 85	100	94⅝	95⅛	+0⅛	+0⅛	6.87
Denmark 6½ 89	100	94⅝	95⅛	+0⅛	+0⅛	7.24
EIB 6½ 91	200	94⅜	94⅞	−0⅛	−0⅞	7.20
EIB 7½ 89	200	100⅝	101½	−0⅛	−0⅛	7.33
Eletrobras-Brazil 7 87	100	94⅛	94⅝	0	−2⅛	8.00
Eurofima 6½ 89	100	98⅜	98⅞	0	+0⅛	6.64
Finland 6 83	150	98⅝	99⅛	0	−0⅛	6.25
Mitsubishi Chem. 6⅝ 84	70	100⅛	101½	0	−0⅛	6.21
New Zealand 6⅝ 87	200	96⅞	97⅜	−0½	−1⅛	6.77
Nippon Kokan 6½ 84	100	98⅝	99⅛	+0⅛	+0⅛	6.75
Nippon Tel. & T. 5½ 87	100	93⅛	93⅝	0	0	6.63
Nordic Inv. Bk. 6½ 86	60	95⅞	96⅜	+0⅛	−0⅞	6.99
Norges Komm. 7⅛ 91	150	103⅛	103⅝	+0⅛	0	7.21
Norway 6⅛ 84	200	99⅝	100⅛	−0⅛	−0½	6.24
Occidental 6⅞ 90	150	94⅜	94⅞	0	+0⅛	7.48
OKB 6½ 88	100	97⅛	97⅝	−0⅛	+0⅛	6.88
OKB 6 87	40	94	95	0	0	6.96
Tokyo Elec. Pwr. 6½ 85	200	98⅜	98⅞	+0⅛	+0⅛	6.79
World Bank 6⅛ 88	400	93⅛	93⅝	−0⅛	−0⅛	7.25
World Bank 7⅛ 91	400	101⅛	101⅞	+0⅛	−0⅛	7.53

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 6½ 89	80	101	101½	0	+0⅛	6.35
Asian Dev. Bank 3½ 94	100	84½	85	−0⅛	0	4.99
Aumar 5 89	60	101½	102	−0⅛	0	4.76
Austria 3½ 93	100	90½	91	+1	+0⅛	4.37
Australia 3¾ 89	250	95½	95⅞	−0⅛	+0⅛	4.18
Bergen, City of 4⅝ 91	40	102½	103	+0⅛	+0⅛	4.43
BNDE 5 89	75	95⅛	95⅝	−0⅛	0	5.64
Brazil 4⅛ 88	100	95⅛	95⅞	−0⅛	+0⅛	4.83
Canada 3¾ 89	300	96⅛	96⅞	0	+0⅛	4.04
Council of Eur. 4⅛ 90	100	99½	100	−0⅛	−0⅛	4.26
EIB 4⅛ 91	100	100½	101	+0⅛	+0⅛	4.40
Elec. de France 4⅜ 89	100	†100⅛	100½	−0⅛	−0⅛	4.33
Heron 4⅛ 89	35	95⅛	95⅝	0	+0⅛	4.83
ICI Fin. NV 3⅝ 94	250	89⅜	89⅞	+0½	+1⅛	4.47
New Zealand 3⅝ 94	120	89⅜	89⅞	+0⅛	−0⅛	4.48
Nordic Bank 5 89	45	103½	104	+0⅛	+0⅛	4.51
OKB 3⅝ 91	100	91½	92	+0⅛	+0⅛	4.67
Pfand Ost. Lande 4 90	60	94⅛	94½	−0⅛	−0⅛	4.68
Philippines 4⅝ 89	50	97½	97⅞	+0½	+1	5.07
Spain 4 91	100	93⅜	94	+0⅛	+0⅛	4.70
Statweag 4⅝ 91	60	103⅛	103½	+0⅛	+0⅛	4.38
Voest-Alpine 4⅝ 89	90	103⅜	103⅞	+0⅛	+0⅞	4.27
World Bank 4⅝ 89	100	103⅞	104⅜	+0⅛	+0⅛	4.13

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	94⅛	95⅛	0	−0⅛	7.09
Australia 6½ 88	20	90⅛	91½	0	−0⅛	8.02
EIB 7⅛ 89	12	98⅜	98⅞	0	0	7.37
Finland 5.6 83	10	93	93⅝	0	−0⅛	7.55
Finland 6.8 88	10	90⅛	91	0	−0⅛	8.43

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	96⅞	97⅛	0	−0⅛	9.85
Avco Fin. 10½ 86 C$	25	94⅛	95⅛	−0⅛	−0⅛	11.36
Ex. Dev. Cpn. 10 84 C$	50	97⅝	98⅛	0	−0⅛	10.57
Fst. Can. Inv. 10 84 C$	30	95⅝	95⅛	−0⅛	−0½	10.96
Hudson Bay 10½ 89 C$	60	97⅞	98⅛	−0⅛	−0⅛	10.80
Quebec 10⅛ 86 C$	50	96	96⅝	0	−0⅛	11.05
R. Bk. Canada 10 86 C$	40	98	98⅝	0	−0⅛	10.35
R. Bk. Canada 10 94 C$	40	93⅝	94⅛	−0⅛	−1	10.84
Copenhagen 8⅛ 91 EUA	25	97⅛	98⅛	0	−0⅛	8.48
Komm. Inst. 7½ 93 EUA	15	93⅛	94⅞	0	0	8.20
SDR France 8⅛ 94 EUA	24	99	99⅝	−0⅛	+0⅛	8.57
SOFTE 8⅛ 89 EUA	40	94⅛	95	0	−0⅛	8.97
Algemene Bk. 8⅛ 83 Fl	75	92⅞	93⅜	+0⅛	+0⅛	9.55
CFE Mexico 7⅛ 83 Fl	75	96½	97⅛	+0⅛	+0⅛	8.84
EIB 7⅛ 85 Fl	75	93⅛	93⅝	0	−0⅛	8.66
Ned. Middbk. 8⅛ 84 Fl	75	100⅝	101½	0	−0⅛	8.00
New Zealand 8⅛ 84 Fl	75	93⅛	94⅛	+0⅛	0	8.29
Norway 8⅛ 84 Fl	100	100	100⅝	+0⅛	−0⅛	8.16
Elf Aquitaine 9⅝ 88 FFr	150	90⅛	91⅛	−0⅛	−0⅛	11.39
Euratom 9⅝ 87 FFr	100	91½	92⅞	−0⅛	−0⅛	11.25
Norway 9⅝ 84 FFr	200	93⅛	94⅛	0	+0⅛	10.94
PSA Peugeot 9⅝ 87 FFr	175	91	92	0	−0⅛	11.48
Renault 9⅛ 85 FFr	100	92⅞	93⅞	−0⅛	−0⅛	11.34
Saint-Gobain 9⅝ 85 FFr	130	91½	92⅛	0	−0⅛	11.53
Solvay et Cie 9⅝ 87 FFr	125	91⅛	92⅛	−0⅛	−0⅛	11.43
Total Oil 9⅛ 87 FFr	150	89	90	−0⅛	−0⅛	11.50
Citicorp 10 93 £	20	90⅛	91⅛	−0⅛	−0⅛	11.36
EIB 9⅝ 88 £	25	90⅞	91½	−0⅛	−0⅛	11.41
EIB 11½ 91 £	25	95⅛	96⅛	0	+0⅛	12.08
Finance for Ind. 13 91 £	15	102⅛	103⅛	−0⅛	−0⅛	12.49
Fin. for Ind. 12½ 89 £	30	101	101½	0	+0⅛	12.28
Gen. Elec. Co. 12½ 89 £	50	101⅛	101⅝	−0⅛	0	12.19
Indonesia 8⅛ 91 KD	7	†97⅛	98⅛	0	0	9.03
Mitsubishi 7½ 84 KD	10	†97½	98	0	−0⅛	8.07
Norges Kom. 7⅛ 89 KD	12	†96½	97	0	0	7.98
Occidental 8½ 91 KD	7	†97⅛	98⅛	0	+2	8.50
Euratom 8 87 LuxFr	500	96⅛	97⅛	0	+0⅛	8.56
Norges Kom. 8 86 LuxFr	500	95⅝	96⅛	0	−0⅛	8.73
Oslo, City of 8 89 LuxFr	500	97⅛	98⅛	−0⅛	+0⅛	8.32
Solvay Fin. 8 85 LuxFr	500	96½	97⅛	+0⅛	+0⅛	8.60

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BFG Fin. Co. 5½ 88	0⅛	98⅞	98⅞	11/1	11	11.15
BNDE 6 89	0⅛	96⅛	96⅝	21/9	11⅛	11.53
Banco di Roma Int. 6 87	0⅛	98⅜	99⅛	26/10	11.19	11.31
Bco. Nac. Argent. 7 86	0⅛	97½	98	22/9	11½	11.76
Banco Prov. BA 7⅛ 88	0⅛	98½	99	12/6	11	11.14
Banco Urquijo 6 86	0⅛	97⅞	98⅜	21/9	11⅛	11.72
Bank of Tokyo 5½ 93	0⅛	98⅝	99⅛	18/10	11⅛	11.88
Bq. Ext. d'Alg. 7½ 85	0⅛	95⅜	95⅞	2/11	11⅞	12.43
Bque. Indo Suez 5⅛ 89	0⅛	98⅜	98⅞	11/1	11	11.15
Banque Sudameris 6 87	0⅛	97	97½	11/1	11⅛	11.44
BNP 5½ 91	0⅛	99	99½	22/2	11⅛	11.46
Citicorp O/S Fin. 6 94	‡0⅛	99½	100	8/9	10.69	10.71
Citicorp O/S 83	‡0	99	99½	23/2	—	—
Creditanstalt 5½ 91	‡0⅛	98⅛	99⅛	14/9	10⅞	10.98
GZB 5½ 89	‡0⅛	98½	99	1/11	11.44	11.58
Gotabanken 6 88	0⅛	98⅝	99⅛	15/5	11½	11.63
Ind. Bk. Japan 5½ 85	0⅛	99⅛	99⅝	1/12	10.94	10.99
Jugobanka 8 89	0⅛	95⅝	96⅛	23/11	11⅞	12.34
LTCB Japan 5⅛ 88	0⅛	99½	100	9/10	11⅛	11.65
LTCB Japan 5½ 85	0⅛	98⅞	99⅛	7/12	11⅛	11.22
Mfrs. Han. O/S 5⅛ 94	‡0⅛	99⅛	99⅝	23/8	11.19	11.24
Nacional Fin. 6⅛ 88	0⅛	98⅛	98⅝	25/1	11½	11.69
Nat. West. 5⅛ 94	0⅛	98⅛	98⅝	11/10	11	11.13
Nippon Credit Bk. 5½ 85	0⅛	98⅞	99⅛	22/12	10.94	11.03
Nippon Credit Bk. 6½ 88	0⅛	97⅝	98⅛	12/1	10⅞	11.08
Petro Mexicano 7 84	0⅛	99	99½	24/1	11.44	11.52
Privredna Banka 8 86	0⅛	†95½	96⅛	20/12	11.56	12.08
Royal Bank Scot. 5⅛ 94	‡0⅛	98⅝	99⅛	11/10	11	11.11
Sogenal 5⅛ 89	0⅛	97⅞	98⅜	11/1	10.94	11.15
Texas Int. Airways 7 86	‡0⅛	96½	97	11/10	11.56	11.95
Trade Dv. Fin. Srv. 6 86	0⅛	98	98½	21/2	—	—
TVO Pwr. 9 91 (D-lock)	0⅛	97⅛	98⅛	24/11	11⅛	11.35
Utd. Overseas Bk. 6 89	‡0⅛	97⅝	98⅛	29/9	11.14	11.38
Bq. E. d'Alg. 4⅛ 85 SF	0⅛	96⅞	97⅛	18/12	4⅛	4.38

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7⅛ 89	10/79	145	95	95⅞	−0⅛	−7.79
Ciba-Geigy O/S F. 4 94	9/79	675	97⅛	98	+0⅛	3.06
Credit Suisse 4⅛ 93	10/79	1325	108⅞	109⅝	−0⅞	4.68
Esselte 7⅛ 89	9/79	159	98⅝	99	−0⅛	−5.59
Honda Motor 5½ 89	5/79	532	98⅛	99	−1⅛	−0.93
LPC International 8 89	9/79	35	102	103	+0⅛	18.60
Nitto Elec. Ind. 6 94	7/79	735	86⅞	87⅛	−1	5.45
Union Bank Switz. 5 89	2/88	1250	108⅛	109⅛	0	−31.37
Fujitsu 6 84 DM	7/79	475	102⅞	103⅞	−0⅛	17.29
Kansai Elec. 4 84 DM	4/79	1350	88⅞	89⅞	+0⅛	49.86
Marudai Food 3½ DM	2/79	1033	83	84	+0½	48.65
Nippon Yan. 3½ 85 DM	1/79	251	†110⅛	111⅛	−0⅛	−1.77
Sharp Cpn. 3½ 88 DM	2/79	487	92	93	−0⅛	11.49
Tokyo Elec. 3½ 87 DM	4/79	475	94	95	−0⅛	50.80
Tokyu Ld. Cp. 4 86 DM	4/79	493	83⅞	84⅞	0	30.41

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Orders rising at M.A.N. but profit trend mixed

BY OUR BONN CORRESPONDENT

M.A.N., the West German mechanical engineering and commercial vehicles group, raised turnover and orders intake in the year ended June 30, but earnings were not satisfactory in all sectors. A letter to shareholders states that profits will permit a "suitable" dividend to be paid on basic capital increased by DM 63m to DM 358m.

The company, which is a main holding of the huge Gutehoffnungshuette engineering group, made profits of DM 67m in 1977-78 and raised its dividend from 12 to 14 per cent.

Group turnover last year for the first time topped DM 7bn, rising by 5 per cent against 1977-78 to DM 7.05bn. Within that figure M.A.N.'s subsidiary, GHH Sterkrade, which specialises in heavy machinery and equipment for the steel and coal mining industries, produced a particularly buoyant performance, with sales up by 21 per cent to DM 742m.

Group order intake rose by 7 per cent to DM 7.24bn, with orders to the parent rising by 14 per cent to DM 4.2bn. Orders in hand at the year-end totalled DM 8.2bn compared with DM 8bn a year earlier.

By division, M.A.N. was able to boost its commercial vehicle sales, delivering 19,000 lorries. Despite completion of a big order for the defence ministry, other domestic demand increased and foreign sales were steady.

Sales of marine engines and diesel motors were about the same as in the previous year, and should receive a further boost this year as the new government programme to help the shipbuilding industry begins to take effect. Orders for plant in the energy production field are described as unsatisfactory, with ever-stronger competition being faced abroad, from the Japanese in particular.

Veba foresees higher dividend

BY OUR FINANCIAL STAFF

VEBA, the West German energy group, reports sharply higher first-half profits, and hints strongly at an increase in dividend for 1979.

Following net profits of DM 92m for the 1979 first quarter, Veba now reports a six-month surplus of DM 187m ($102m) compared to DM 84m in 1978. As a result, an increase in dividend "should be possible, bringing the payment up to a satisfactory level."

In 1975, Veba shareholders had their return cut from DM 7.5 to DM 6 a share, and the payment subsequently went down to DM 3 in 1977. Last year the dividend was partly restored to DM 6.

Group external turnover rose 15.7 per cent to DM 17.2bn in the first half. In electrical generation, turnover rose 14.7 per cent to DM 3.1bn, while the petroleum and gas sector turnover was up 13 per cent to DM 4.5bn. The trading sector showed turnover growth of 15.5 per cent to DM 5.1bn.

Refineries ran at 86 per cent capacity during the six months, while capacity use in the chemical subsidiary, Chemische Werke Huels, is described as high. In contrast glass sector production fell by 2.4 per cent.

Managing Board chairman, Rudolf von Bennigsen-Foerder, said yesterday that the good trading figures for the first-half portend higher profits for 1979 as a whole, even allowing for an economic deterioration in the current six months. In the electricity sector 1979 results should be at about last year's levels, while Veba Oel expects a "normalisation" of profits after a good first-half but a weaker current six months.

Shareholders were told that chemicals should chalk up a satisfactory level of profitability this year after a "very positive" first half. The leap in cost of oil-related base products has been passed on in higher sales prices and in some groups of products it has been possible to compensate for the downward pressure on prices felt in recent years. Practically all chemical plants are now operating at a profit, including the fibres plant in Neumuenster, Herr Bennigsen said.

Earlier this year, Veba finally received German Government permission to go ahead with a massive swap of assets with the British Petroleum group.

In return for DM 800m cash and a guarantee of oil supplies up to the year 2,000, Deutsche BP, a subsidiary of British Petroleum, is to acquire a number of German shareholdings, notably 25 per cent of Ruhrgas, the leading importer and distributor in Germany of natural gas.

Wider funding margins boost CBA earnings

BY JAMES FORTH IN SYDNEY

THE COMMERCIAL Bank of Australia (CBA) lifted consolidated profit 24 per cent in the year to June 30 despite the first earnings setback in seventeen years for its finance company offshoot, General Credits Holdings.

The group profit rose from A$29.4m (U.S.$33m) to A$36.4m, prompting the directors to increase the dividend from 16 cents a share. The gain was almost entirely accounted for by banking profits which rose A$6.8m to A$21.0m.

The major factors behind the better banking results were improved interest margins reflecting the redevelopment of funds previously held in statutory reserve deposits into higher yielding advances and an increased proportion of total deposits held as interest free current acounts. It also reflected higher interest revoceries, improved cost controls and better returns from overseas operations, particularly New Zealand and New York. The group earnings equalled 53.9 cents a share, compared with 43.5 cents in the previous year.

Subdued business conditions for finance companies resulted in General Cridts posing profits A$1.23m lower at A$13.15m.

Across the board jump aids Repco

By Our Sydney Correspondent

REPCO, major automotive parts maker, currently embroiled in a takeover battle for the McEwans hardware group, lifted profit 37 per cent, from A$17.0m to A$23m (A$26m) in the year to June 30.

The dividend is raised from 8 cents to 9 cents a share and is more than twice covered by earnings of 19.2 cents compared with 15.5 cents in 1977-78.

The major factors contributing to the improvement were substantial increases in demand in all sectors of the company's business, resulting in higher production volumes and greatly increased activity in the manufacturing plants. Results of the recently-acquired Century batteries were also included for the first time.

All of the traditional sections of Repco's business—automotive agricultural equipment, international operations and exports—contributed to the increase.

Total exports of the group rose 20 per cent to A$17.3m.

With registration of passenger vehicles rising 7.4 per cent, the first increase for four years, Repco's manufacturing companies received considerably increased original equipment schedules, as well as starting supply on new contracts.

France floats third bond this year

THE FRENCH Treasury will float a 15-year FFr 6bn (US$1.4bn) state loan with a coupon of 10.8 per cent at the beginning of September, the Economics Ministry announced yesterday.

The loan, the third Government issue this year, will be offered in the form of FFr 2,000 bonds issued at par. It follows a FFr 3bn State issue in April with a coupon of 9 per cent and a second loan of FFr 4bn in June at 10 per cent.

Including next month's issue, the State will have raised some FFr 13bn on the bond market this year to help finance a budget deficit which is expected to total some FFr 40bn by the end of 1979.

It is generally expected that another state loan for FFr 6bn will be floated before the end of the year thus enabling the Government to finance half its budgetary deficit by long-term borrowing.

Promodes in U.S. deal

CHATTANOOGA — Promodes, the French food distributor, has offered to buy the operating assets of the Red Food Stores, Inc., for $23m plus the book value of the assets, officials said they hope to complete the purchase later this year.

Red Food operates 34 supermarkets in South-eastern Tennessee and Northern Georgia. Promodes, based in Caen, Normandy, operates supermarkets, convenience stores and cafeterias in France, Germany and Spain.

AP-DJ

WORLD STOCK MARKETS

Early Wall St. prices hover at recent level

INVESTMENT DOLLAR PREMIUM

\$2.60 to £1—30% (30½%)

Effective \$2.2245 11¼% (11½%)

STOCK PRICES hovered aimlessly near Wednesday's closing level in moderately active trading.

The market has been at around the same levels all this week, gradually consolidatiing gains made during the recent fourwe ekrally.

Investors are expected to be cautious in anticipation of money supply figures.

Closing prices and market reports were not available for this edition.

Volume of about 17m shares was bolstered by several big blocks, including 350,900 shares of Squibb, at 32¾, unchanged.

The Dow Jones Industrial Average was just over a point lower and declines outnumbered advances by a narrow margin.

Other large blocks included 190,000 shares of **Public Service of Colorado** at 16⅛, unchanged, 100,000 **Florida Power and Light**, 27¾, off ⅛, and 100,000 **Houston Natural Gas** at 31½, unchanged.

Active **Continental Airlines**, halted earlier for an influx, opened up 1½ to 15⅜ on a block of 112,700 shares. Continental has been a rumoured takeover target since merger plans with Western Air Lines were dropped. The stock is up two to 16.

Southwest Forest Industries eased ⅜ to 22⅞ after rising 2½. **Hearst will hold about 3.4 per cent of its common stock after it converts its 8 per cent subordinated convertible debentures. **Union Commerce** eased ¼ to 13.

American Stock Exchange prices were higher in active trading and the index rose 0.54 to 215.68 and advances lead declines 233 to 212. Volume was 2.43m shares.

Canada

The market continued higher in active trading as the Composite Index rose 2.2 to 1,667.4. Ten of 14 indices advanced and gains outnumbered losses 189 to 138.

Revelstoke rose one to 13½ and **Consumers Distributing** ¼ to 15¾. They plan to merge.

Among Oil issues, **Shell Canada** at 27½ and **Texaco Canada** at 73½ rose ⅜, while **Imperial Oil "A"** slipped ⅛ to 38⅝.

BP Canada, delayed for an order imbalance, climbed 3½ to 34½.

Mining issues continued higher as **Falconbridge Nickel "A"** gained ⅜ to 68, **Hudson Bay Mining** ¼ to 24 and **Inco** ¼ to 25.

Volume was 3,228,456 shares compared with 3,333,342 in the previous session.

In Montreal the market turned mixed in active trading as the Composite Index rose less than a point and two of four leading indices declined.

Among Papers, **Macmillan Bloedel** rose ⅜ to 28⅝ and **Consolidated Bathurst "A"** ⅛ to 14.

Banks were down as **Canadian Imperial** fell ⅛ to 27½, while **Royal** at 45¼ and **Bank of Montreal** at 24⅝ shed ⅛.

Volume was 318,598 shares compared with 339,679 on Wednesday.

Paris

Share prices eased on technical factors in moderate trading dominated by yesterday's liquidation at the end of the accounting period.

Most sectors eased although metals and oils were steady and banks and insurances were mixed.

In foreign shares, Americans eased, while Oils, Gold Mines and Germans eased.

Germany

Most leading shares closed firmer, with turnover slightly higher than on Wednesday.

Volkswagen, which announced higher first half group net profits of DM 300m firmed 10 pfennigs, while other autos fell. **Hoechst**, which announced higher first half pre-tax profits of 785m eased 40 pfennigs in line with other chemicals, and **Veba** gained DM1.80 after posting provisional higher first half net profits of 187m.

Elsewhere steels rose, led up 2.30 by **Thyssen**.

In options trading prices and turnover were unchanged from Wednesday's levels, with attention focusing on six-month call options for **Alcan, Veba** and **Litton**.

On the domestic bond market public authority loans were narrowly mixed with the Bundesbank selling a nominal DM 4.2m of paper after purchases of 500,000.

Mark-denominated foreign loans continued to ease.

Johannesburg

Gold shares tended mixed with a firmer undertone in quiet trading in line with international bullion prices.

Overseas interest was minimal and the Financial Rand eased slightly to 86.75-87.25 U.S. cents from Wednesday's close at 87.50.

Mining Financials were mixed shadowing producers and **De Beers** was 8 cents firmer at 855 cents.

Platinums firmed, Coals and Coppers eased and Industrials were steady in lacklustre trading, while Gilts eased in places.

Brussels

Quiet trading and share prices were mixed.

Boboken, UCB, Finoutremer and **Andre Dumont** rose, while **Cockerill, Clabeco, Tessenderloo** and **CBR** fell.

In foreign stocks, UK, Germans, Dutch and Canadians were higher, U.S. little changed and Frenh lower. Gold Mines were slightly lower. **Petrofina** and **Canadian Petrofina** were unchanged. **American Petrofina** rose.

Australia

The market closed easier after post-Budget gains. There were two new listings on the mining and oil Boards.

Ampol shares were steady at A\$ 1. **Oil Company of Australia** was listed for the first time, 49.99m fifty cent shares paid to 25 cents and 24.79m option paid to one cent are on issue.

One million contributing shares were traded and closed at 27 cents, three down on the opening, 1.7m options were traded and gained three to close at 13.

Oil company is a 25 per cent partner in the Puraite No. 1 Well west of Derby, Western Australia.

Mistral Mines was listed for the first time and the 20 cents shares opened at 50 cents then rose to close at 80 cents. The company has a half-share in a central Australian ruby claim.

Selected gold and resources stocks closed firmer, but most leading miners and oil stocks eased.

Mistral Mining was also listed in Melbourne. The 20 cent shares opened at 45 cents and closed at 30 cents.

Among gold, **GMK** firmed five cents to A\$ 1.68 and **Poseidon Seven** to A\$ 1.10. In oils, **Ampol Exploration** rose A\$ 3 to A\$ 1.68 but **Woodside Petroleum** lost A\$ 3 to A\$ 1.06.

BHP closed steady at A\$ 9.70, **CSR** eased A\$ 10 to A\$ 4, **ANZ Bank** A\$ 10 to A\$ 3.60 and **Myer** two to A\$ 1.66.

Amsterdam

Share prices closed mixed to higher, with **Philips** down Fl 0.10, while **Hoogovens** recovered Wednesday's loss with a Fl 2.10 gain in generally higher Dutch internationals.

Shippings were over Fl 1 firmer, with **Ned Lloyd** Fl 1.20 up, ahead of its first half results.

Pakhoed put on Fl 1 ahead of its improved first half results announced after Bourse hours.

Investment Funds were lower, while **Bols** and **OCE-Van der Grinten** lost Fl 1.50 and Fl 1 respectively. Banks and Insurances were mixed. State Loans were higher where changed.

Milan

Stocks closed mixed in active trading, Bourse sources said.

After recent gains **Montedison, Snia Viscosa** and **Assicurazioni Generali** eased. **Fiat, Bastogi** and banking shares firmed. **Pirelli** also rose. Bonds generally strengthenend.

Tokyo

Share prices closed lower in active trading, led by energy-related issues after reports of a sharp rise in Japanese oil imports in July.

The market average fell 18.90 to close at 6,396.84, with volume 350m shares. The Tokyo Stock Exchange Index closed at 451.00, down 0.92.

Arabian Oil fell 250 to 3,460, **Teikoku Oil** 30 to 815, **Mitsui Mining** 38 to 570 and **Toa Nenryo** 31 to 999.

None-ferrous metals rose initially after a rise in overseas gold price, but closed lower as buying spent its force.

Big-capital issues fluctuated widely and finished mixed. Export-orientated cameras rose widely on good earning prospects with **Canon** up 12 to 552 and **Ricoh** nine to 594.

The second market closed higher at 14m shares.

Hong Kong

Weaker share prices at close on gradual selling throughout the day with the Hang Seng index fell 17.06 to 573.03 points.

Trading was fairly quiet with turnover very much in line with Wednesday's figure.

Among the blue chips, **Hong Kong Bank** fell 50 cents to 13.50, **Hong Kong Electric** 12.5 to 4.50, **Hong Kong Land** 40 to 8.30, and **Hutchison Whampoa** 25 to HK\$4.70.

NOTES: Overseas prices shown below exclude \$ premium. Belgian dividends are after withholding tax.

◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.

♥ Pta 500 denom. unless otherwise stated.

♣ DKr 100 denom. unless otherwise stated.

● SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. \$ Price at time of suspension. *a* Florins. *b* Schillings. *c* Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross div. % *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs including Unilac div. *p* Nom. *q* Share split. *s* Div. and yield exclude special payment. *t* Indicated div. *u* Unofficial trading. *v* Minority holders only. *y* Merger pending. * Asked. † Bid. § Trade. ‡ Seller. *z* Assumed. *xr* Ex rights. *xd* Ex dividend. *xc* Ex scrip issue. *xa* Ex all. Δ Interim since increased.

NEW YORK

Stock	Aug. 22	Aug. 21
Abbotts Lab.	37⅞	38⅛
AM International	17½	17¾
Adobe Oil & Gas.	36	35½
Aetna Life & Ga.	54¾	55¼
Air Products	32⅛	32¼
Alcan Aluminium	38⅝	38⅝
Alcoa	56	55½
Control Data	47⅝	47¼
Cooper Indus	57¾	57½
Corning Glass	64½	64⅝
CPC Int'rnation'l	54⅝	55
Crane Co.	36¼	36⅝
Crocker Nat'l	35⅛	35¼
Crown Zellerb'h	37⅞	37⅝
Cummins Engine	37¼	36⅝
Curtiss Wright	17⅜	17⅝
Johns Manville	25½	25⅞
Johnson Johnson	76	76¼
Johnson Control	29⅛	28⅞
Jostens	21⅜	21
Joy Manufacturg	33½	32¾
K. Mart	27⅛	27½
Kaiser Aluminum	21½	21½
Kaiser Industries	2⅛	2¼
Kaiser Steel	45¾	41⅞
Revlon	54⅝	54½
Reynolds Metals	36⅝	36¾
Reynolds (R.J.)	63⅛	63
Rich'son Merrell	24⅝	24⅞
Rockwell Inter	41	41⅝
Rohm & Haas	44¼	44½
Rolm	32⅝	33¼
Royal Dutch	78⅞	74⅛
RTE	10¼	10⅛
Williams Co.	21¼	20⅞
Wisconsin Elect.	25⅛	25⅛
Woolworth	28⅛	27⅝
Wyly	6¼	6¼
Xerox	67⅝	67⅝
Zapata	20⅜	20
Zenith Radio	13⅜	13⅛
U.S. Treas. 4% 80	†97⅛	†97⅛
USTreas4¼% 75/85	†82⅝	†82⅝

CANADA

Stock	Aug. 22	Aug. 21
Texaco Canada	72⅝	73
Toronto Dom. Bk.	25⅛	25
TransCan Pipe Ln	23	23⅝
TransMount Pipe	11⅝	11½
Trizec	20½	‡20¾
Union Gas	11⅞	11¾
Untd Siscoe Mnes	10⅝	10⅞
Walker Hiram	44½	43¾
West Coast Trans	15¾	15½
Weston (Geo.)	24¾	24½

† Bid. ‡ Asked. § Traded. ‖ New stock.

BASE LENDING RATES

■ Members of the Accepting Houses Committee.

Bank	Rate
A.B.N. Bank	14 %
Allied Irish Bank Ltd.	14 %
Amro Bank	14 %
American Express Bk.	14 %
Henry Ansbacher	14 %
A P Bank Ltd.	14 %
Associates Cap. Corp.	14 %
Banco de Bilbao	14 %
Bank of Credit & Cmce.	14 %
Bank of Cyprus	14 %
Bank of N.S.W.	14 %
Banque Belge Ltd.	14 %
Banque du Rhone et de la Tamise S.A.	14½%
Barclays Bank	14 %
Bremar Holdings Ltd.	15 %
Brit. Bank of Mid East	14 %
■ Brown Shipley	14 %
Canada Perm't Trust	14 %
Cayzer Ltd.	14 %
Cedar Holdings	14 %
■ Charterhouse Japhet	14 %
Choulartons	14 %
C. E. Coates	14 %
Consolidated Credits	14 %
Co-operative Bank	*14 %
Corinthian Secs.	14 %
Credit Lyonnais	14 %
The Cyprus Popular Bk.	14 %
Duncan Lawrie	14 %
Eagil Trust	14 %
English Transcont.	14 %
First Nat. Fin. Corp.	15½%
First Nat. Secs. Ltd.	15½%
■ Antony Gibbs	14 %
Greyhound Guaranty	14 %
Grindlays Bank	‡14 %
■ Guinness Mahon	14 %
■ Hambros Bank	14 %
■ Hill Samuel	§14 %
C. Hoare & Co.	†14 %
Julian S. Hodge	15 %
Hongkong & Shanghai	14 %
Industrial Bk. of Scot.	14½%
Keyser Ullmann	14 %
Knowsley & Co. Ltd.	15½%
Lloyds Bank	14 %
London Mercantile	14 %
Edward Manson & Co.	15 %
Midland Bank	14 %
■ Samuel Montagu	14 %
■ Morgan Grenfell	14 %
National Westminster	14 %
Norwich General Trust	14 %
P. S. Refson & Co.	14 %
Rossminster	14 %
Ryl. Bk. Canada (Ldn.)	14 %
Schlesinger Limited	14 %
E. S. Schwab	15 %
Security Trust Co. Ltd.	15 %
Shenley Trust	16 %
Standard Chartered	14 %
Trade Dev. Bank	14 %
Trustee Savings Bank	14 %
Twentieth Century Bk.	15 %
United Bank of Kuwait	14 %
Whiteaway Laidlaw	14½%
Williams & Glyn's	14 %
Yorkshire Bank	14 %

* 7-day deposits 11½%, 1-month deposits 11¾%.

† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000, 12% and over £25,000 12¼%.

‡ Call deposits over £1,000 11½%.

§ Demand deposits 11½%.

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS 2670

C=Call P=Put

Indices

NEW YORK — DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO Composite

JOHANNESBURG

WEDNESDAY'S ACTIVE STOCKS

GERMANY ◆

TOKYO ¶

AUSTRALIA

STOCKHOLM

AMSTERDAM

BRUSSELS/LUXEMBOURG

OSLO

JOHANNESBURG

COPENHAGEN ♣

SWITZERLAND ●

PARIS

SPAIN ♥

VIENNA

MILAN

BRAZIL

Source: Rio de Janeiro SE.

Financial Rand U.S.\$86¾ (Discount of 27½%)

COMMODITIES AND AGRICULTURE

USSR may import more soya

WASHINGTON—The USSR is expected to increase its soyabean purchases for the 1979-80 marketing year by 500,000 to 1m tonnes because recent hot weather may have cut yields from the Soviet sunflower crop, U.S. Agriculture Department analysts said.

They said the precise amount of the additional imports and the timing of the purchases would depend on the size of the USSR sunflower crop and the availability of South American soyabeans from next year's crop.

The USDA so far reported U.S. soyabean sales to the Soviet Union of 1,075,000 tonnes for the 1979-80 season.

Officials said any extra demand would probably be for soyabean meal from the U.S. and Brazil rather than for unprocessed beans.

The last USDA estimate, made on August 10, put the USRS sunflower crop at 5.5m tonnes, up from 5.33m last year, but hot weather since then may have hurt the crop.
Reuter

Suspect chrome ore cleared

JOHANNESBURG — All South African chrome ore has been freed from import restrictions by Japan's International Trade and Industry Ministry, Mr. Peter Streicher, managing director of S. A. Manganese, said here.

Since the imposition of UN sanctions on Zimbabwe-Rhodesia, the Japanese Government has been controlling purchases of South African chrome ore with a chrome-iron ratio of more than 2.1 to 1 to ensure the South African ore was not Zimbabwe-Rhodesian ore in disguise.
Reuter

Sugar strike hits Guyana

By Our Own Correspondent

GEORGETOWN — While the local bauxite industry is slowly moving back into production after a month-long strike which reduced output by about two-thirds, the sugar industry remains in the grip of a strike which started last Friday.

Central to the wave of industrial unrest is a public sector wage freeze which appears to be linked to an IMF loan approved two months ago. So far there has been no indication that the freeze is to be lifted.

Coffee frost threat wanes

BY OUR COMMODITIES STAFF

THERE APPEARS to be no further threat of weather damage to the coffee crop in Brazil, U.S. Department of Agriculture analysts said in Washington yesterday.

They said the annual frost season was coming to an end and latest weather forecasts gave no cause for concern.

In London, traders agreed with the USDA view but noted that light frosts had been known to occur in late August in Brazil.

The international coffee trade has been keeping an anxious eye on the weather since frost hit Brazil's coffee growing area at the end of May, wiping out an estimated 7m bags (60 kilos each) of the 1980 crop.

But apart from a cold spell in mid-July, which some observers thought did further damage, the Brazilian winter has since been relatively mild.

Following the May frost, the USDA estimated next year's Brazilian coffee crop at 20-22m bags while the Brazilian Coffee Institute thought the total would be only 19m.

In Rio de Janeiro yesterday, the Brazilian National Weather Department forecast slightly warmer temperatures in coffee areas over the next 24 hours.

There was a cold front over north-west Argentina, it said, but this was relatively weak and was expected to move out over the Atlantic.

On the London futures market, coffee prices moved higher in early dealing but failed to hold their gains. Dealers said a combination of steadier sterling values and trade selling encouraged the decline.

By early afternoon nearby quotations were showing small declines and at the close the November position, which had risen to £1,832 a tonne early on, was quoted at £1,822.5 a tonne, down £1.50 on the day.

In the Hague meanwhile, the Central Statistics Office said Dutch coffee bean roastings in the four weeks to June 15 totalled 8,934 tonnes, 11.9 per cent more than in the corresponding four weeks last year. This raised the cumulative 1979 total to 51,843 tonnes against 46,305 tonnes in the same period last year.

In Nairobi, Mr. Henry Kinyua, managing director of the Kenya Planters' Co-operative Union, said adverse weather was expected to cut his country's coffee output to 70,000 tonnes this year, 15,000 tonnes below last year's production.

Setback for Welsh abattoir plans

BY ROBIN REEVES, WELSH CORRESPONDENT

THE FARMERS' Union of Wales has protested against a Government refusal to grant aid to an ambitious Welsh meat marketing project.

The Ministry of Agriculture and the Welsh Office have turned down an application from a recently-formed group, Welsh Meat Holdings, to provide grants of up to £250,000 towards a £2m abattoir the company is building near Lampeter, mid-Wales.

The company, headed by Sir John Newsom-Smith and Scottish financier, Mr. Colin Forsythe, has already spent over £1m on construction, but says it may be forced to abandon the project.

A plan to build another abattoir in Corwen, North Wales, is also in jeopardy. The company plans to slaughter and process meat, particularly Welsh lamb, for the European market and claims to have firm contracts for export.

Mr. Forsythe said Government officials had given "totally inadequate" reasons for rejecting their grant application—an insufficiency of sheep production in the vicinity to justify a plant capable of processing 8,000 lambs a week, the lack of an EEC licence and a failure to meet hygiene requirements.

"According to their own figures, 2m lambs a year are exported live out of Wales each year. It is nonsense to suggest there is insufficient production," he said.

It may be that the Agriculture Ministry and Welsh Office have been influenced in their refusal by the fact the Lampeter district already has two small abattoirs.

Price rise reduces milk sales

By Our Commodities Staff

THE RECENT 1½p a pint price increase severely depressed retail sales of milk in July. Daily consumption of liquid milk in England and Wales was 600,000 pints lower than in July last year, the Milk Marketing Board said yesterday.

The liquid sales slump of almost 2 per cent coincided with a 2.5 per cent rise in milk production. Deliveries from farms to bottling plants and creameries were 27m litres higher than a year earlier.

This increase, added to the milk diverted from the doorstep, led to a 7.1 per cent rise in the amount of milk processed into dairy products.

So far in the current dairying year, sales of milk off farms are 0.54 per cent up on last year—a relatively modest increase which reflects the poor start to the grass season.

Liquid sales are down 1.2 per cent and the amount going into butter and cheese making has risen 2.1 per cent.

Jamaican sugar crop below target

By Canute James in Kingston

JAMAICA IS expected to produce 266,000 tonnes of sugar this year, 86,000 tonnes below the crop target. Industry sources blame the shortfall on poor weather, mainly floods in June, which devastated several thousands of acres of sugar cane in the west of the island.

The sources said also sugar cane smut and rust disease decreased production by as much as 30 per cent in some areas. The shortfall in production is not, however, expected to affect the 120,000 tonnes which the Island is committed to supplying to the EEC annually under the Lomé convention.

Port dispute

MINNEAPOLIS — Mr. Wayne Horwitz, director of the Federal Mediation and Conciliation Service said talks in the Duluth/Superior port strike were constructive but produced no sign of an imminent settlement. Negotiations between Continental Grain and the American Federation of Grain Millers had covered a full range of unresolved issues, he said.
Reuter

UK DAIRYING

End of the churn era

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE END of July marked the end of an era for the Milk Marketing Board. After July 31 the board no longer collected any milk in the familiar 10-gallon churn and insisted that farmers either install bulk tanks at their farms, or, should their premises be out of reach of the tanker lorry because of poor access roads, the board would provide a mobile vat at a subsidised price.

One of the areas affected was West Wales, an area of small farms and poor communications and where some 350 producers decided to cease delivery on July 31 and manage without the monthly milk cheque. The affair caused some stir in Welsh politics. The Farmers' Union of Wales, the rival of the National Farmers Union in these parts, took up cudgels on behalf of some of those quitting, but in a rather half-hearted fashion in view of the fact that a large number of those giving up were looking for an excuse to do so anyway.

I visited Camarthen in search of martyrs, found none, but encountered some very interesting characters and had a look at a way of farming which has been lost sight of in the rat-race further east.

It is said that there are more dairy cows within five miles of Carmarthen than anywhere else in Britain. The same claim is made, by the way, for Chester, and Gillingham in Dorset. Whatever the truth of the statement there are certainly a lot of cows and factories in which to process the milk.

The reason is simple. Farms are small and the generally mild climate is ideal for grass growing. Dairying has always flourished here.

With one exception, the farmers I met who were going out of milk were using the ending of churn collection as the excuse for giving up dairying. They were men in their sixties, and had no heirs, but they were certainly going to carry on farming. The farms were between 60 and 70 acres and milking, it seemed to me, had only been part of general stock rearing enterprises. Sometimes the milk was used to rear calves but when there was a surplus it was put in a churn.

None of them was going to take the EEC's milk-to-beef golden handshake because they generally reared heifers for other people's dairies and the rules of this subsidy precluded this.

The standard of friesian dairy cow seen in the area is very high indeed and the Milk Marketing Board's artificial insemination service has been responsible for this, plus, of course, the good stockmanship of the farmers themselves.

One younger man was thinking of selling his 40 cows because, as he put it, he had been tied to milking cows for some 20 years and could see no end to it. He had enough heifers coming in to increase his herd but the effort of keeping such a large head of stock on 59 acres would leave so little margin for mistakes or vagaries of the climate that he was seriously looking for something to relieve the pressure.

One way would be to buy more land, but land in West Wales is getting just as dear as in other parts of Britain.

He was well aware though, that his dairy herd could provide him with a reasonable living that no other form of farming could replace at present and would be unlikely to in the foreseeable future.

This is a factor which must have been behind the Milk Board's decision to buy the Unigate milk processing factories, one of which is in Carmarthen. Milk production in West Wales rose 11 per cent last year and is likely to rise more as the part-time and occasional churn suppliers go out of business to be replaced by more enterprising producers.

It is one thing for a couple of elderly farmers to make a living with mixed stock rearing on 50 or 60 acres, eked out perhaps with a pension. It is quite another for a young successor to accept the same way of life.

He is much more likely to try building up to 30 or 40 cows instead of 10 or 15 and to use fertilizer and silage machinery and become a significant producer.

The board has a duty to buy all milk produced under the Milk and Dairies Order and it had no alternative but to buy the Unigate factories mainly situated in these grassland areas to cope with the increased milk I am certain will flow from them.

One farmer expressed anxiety about European competition but I thought the South Wales farmers with their family units and a good grass growing climate were a match for farmers similarly placed in Holland, France and even perhaps South Germany.

The units I believe to be at risk are the large-scale farms employing labour in the more traditionally arable counties.

Land prices may fall soon

BY CHRISTOPHER PARKES

FARM LAND is likely to remain a sound hedge against inflation even though future increases in farming incomes are unlikely to justify any repetition of recent surges in land prices, according to Mr. Christopher Johnson, Lloyds Bank's economic adviser.

The rate of return is now so low that values may level off or even fall slightly in the next year or so, he says. But continuing demand from financial institutions, overseas buyers and farmers themselves will probably prevent a substantial decline.

Writing in the bank's Economic Bulletin, Mr. Johnson points out that since the war land prices have risen 38 times compared with a nine-fold increase in retail prices in the same period.

The real value of farm land has thus risen four-fold in 35 years or 4 per cent compound.

In the 1970s so far farm land has shown a real capital appreciation of 8.3 per cent a year, and values have increased at more than three and a half times the rate of ordinary shares.

While pension fund managers, insurance companies and other City institutions are known to be keen to expand their holdings in agricultural land—to about 10 per cent of all their property holdings—Mr. Johnson doubts that there is enough land of the right quality coming on to the market to permit them to achieve this aim in the near future.

And he notes that the recent trend of increases in net farm incomes falling behind the rate of rise in other incomes is likely to continue for this year at least.

Mr. Johnson estimates that individuals, partnerships and personal trusts still hold about 80 per cent of farm land, valued at about £34bn and representing some 8 per cent of the private sector's total net wealth of £435bn, half of which is held in housing.

Soviet beet

RATZEBURG — The warm weather with sufficient rainfall during the past week has been particularly favourable for the Soviet sugar beet crop, and also beneficial to those in Poland and Czechoslovakia, West German sugar statistician F. O. Licht said in its weekly crop report.
Reuter

Philippines copper exports higher

MANILA—Philippine Copper exports this year are projected to reach $378m—almost $3m more than last year.

A trade ministry spokesman said copper concentrates available for export this year will be about 1.23m dry tonnes containing 341,000 tonnes of metal, a rise of more than 29 per cent from 1978.

An industry report prepared by the Private Development Corporation of the Philippines noted that production and shipment problems in Zambia and Zaire, continued labour unrest in Peru and two of Canada's largest copper mines have put pressures on world copper supplies.
Reuter

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Easier on balance on the London Metal Exchange. Forward metal rose from £882 to £889 on the pre-market following reports that Zambia is facing a serious fuel shortage. However, profit-taking and an unimpressive performance by silver pared the price to £880 before a rally on Comex prompted a close on the late Kerb of £886. Turnover: 9,950 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	885-6	-12.7	883.5-3.5	-4.5
3 months	883.5-4.5	-11.2	885-.5	-5
Settlem't	886	-12.5	—	......
Cathodes				
Cash	845.5-6	-15.7	846-8	-7
3 months	864-5	-11.2	865-7	-2.5
Settlem't	846	-14	—	......
U.S. Smt.	—	......	*84-87	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £884, 85, 86; three months £884, 83, 82, 81, 81.5, 82, 83, 84. Cathodes: Cash £848, 46, 45.5; three months £865. Kerb: Wirebars: Three months £882, 82.5, 83. Afternoon: Wirebars: Three months £881, 80.5, 82, 83, 84, 83, 83.5, 83. Kerb: Wirebars: Three months £884, 83, 83.5, 83, 84, 85, 84.5, 85, 86.

TIN—Lower in fairly subdued trading. A fall at the Penang market saw forward metal marked down to £6,600 on the early pre-market. However, the market rallied a shade to touch £6,625 before closing the late Kerb at £6,620. Turnover: 800 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6585-95	—10	6580-5	-22.5
3 months	6620-40	-25	6620-40	-22.5
Settlem't	6595	—15	—	......
Standard				
Cash	6585-95	—10	6580-5	-22.5
3 months	6610-5	-27.5	6610-5	—25
Settlem't	6610-5	—15	—	......
Straits. E.	‡$1875	—11	—	......
NewYork	—	......		......

Morning: Standard: Cash £6,585, 80, 80; three months £6,600, 10, 15, 20, 10, 05, 10. Kerb: Standard: Three months £6,600. Afternoon: Standard: Cash £6,590; three months £6,610, 20, 15, 10, 20, 25, 20, 15. Kerb: Standard: Three months £6,625, 20.

LEAD—Gained ground as fresh buying prompted by the initial rise in copper lifted forward metal from £517.5 on the early pre-market to the day's high of £526.5 prior to a close of £523.5. Turnover: 6,875 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Cash	518-9	+3.5	526-6.5	+12.7
3 months	517.5-8	+.25	526-7	+10
S'ment	519	+5.5	—	......
U.S. Spot	—	......	*56-62	......

Morning: Cash £517.5; three months £516, 17, 19, 18, 17.5. Kerb: Three months £517.5, 17. Afternoon: Cash £525, 27, 28, 26; three months £519, 21, 22, 23, 26, 27. Kerb: Three months £526, 25, 23, 23.5, 24.

ZINC—Marginally firmer in dull and routine trading, with forward metal trading in a narrow range all day. Forward gradually edged up to close the late Kerb at £287.5. Turnover: 3,675 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffici'l	†+or —
	£	£	£	£
Cash	274.5-5	-4.75	276-8	+1.5
3 months	286-7	—4	288-9	+2.25
S'ment	275	—5	—	......
Prim W'st	—	......	*59.5	......

Morning: Cash £275; three months £286.5, 87, 86. Kerb: Three months £286. Afternoon: Three months £287, 90, 89. Kerb: Three months £289, 87, 88.

ALUMINIUM—Gave ground as stop-loss selling below £690 depressed forward metal to £686 before the late rally in copper encouraged a close on the late Kerb of £690. Turnover: 3,650 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffici'l	†+or —
	£	£	£	£
Spot	690-1	-11.5	690-2	—7
3 months	687-8	—9	688-9	-4.25

Morning: Cash £692, 91; three months £692, 88, 87, 86, 87, 88. Afternoon: Three months £688, 87, 88. Kerb: Three months £690.

NICKEL—Drifted in idle trading to close the late Kerb at £2,600. Turnover: 468 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2645-55	-26.5	2630-40	—4.5
3 months	2615-20	-27.5	2600-10	—30

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

Morning: Three months £2,620, 15. Afternoon: Three months £2,615, 2,600, 2,610, 2,600. Kerb: Three months £2,600.

SILVER

Silver was fixed 3.1p an ounce lower for spot delivery in the London bullion market yesterday, at 425.85p. U.S. cent-equivalents of the fixing levels were: spot 949.6c, down 1.8c; three-month 973.1c, down 1.6c; six-month 992.6c, down 2.6c; and 12-month 1,027.7c, down 3.7c. The metal opened at 425½-427½p (950-952c) and closed at 427½-428½p (950-962c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	425.85p	-3.1	427.5p	+1.8
3 months	438.45p	-3.4	440.5p	+1.8
6 months	449.15p	-4.1	—	
12 months	469.0p	-5.2	—	

LME—Turnover 198 (209) lots of 10,000 ozs. Morning: Three months 438.8, 38.7. Kerb: Three months 439, 38.8, 39, 39.5. Afternoon: Three months 438.5, 38.3, 38.2. Kerb: Three months 441, 41.5.

COCOA

Cocoa futures remained steady in thin trading conditions with modest short covering causing prices to rally at the close of the day, reported Gill and Duffus.

COCOA	Yesterd'y's Close	+ or —	Business Done
Sept	1405-1409	+4.5	1412-1390
Dec	1466-1468	+14.5	1470-1441
March	1506-1507	+18.5	1507-1480
May	1531-1534	+20.0	1515
July	1555-1564	+18.0	—
Sep	1580-1594	+22.0	—
Dec	1605-1634	+19.0	—

Sales: 1,514 (2,588) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price Aug. 22: 143.98 (145.39). Indicator price for Aug. 23: 15-day average 141.72 (141.60); 22-day average 141.85 (141.86).

COFFEE

London coffee futures opened £7-£10 higher but once again failed to penetrate the £1,830.0 level basis November with mainly Commission Houses providing the selling resistance, reported Drexel Burnham Lambert. The afternoon was once again disappointing and remained featureless. Values finished £01.5 to £06.0.

COFFEE	Yesterdays Close	+ or —	Business Done
	£ per tonne		
September	1775-76	+2.5	1779-1768
November	1822-23	—1.5	1832-1818
January	1828-29	+5.5	1833-1819
March	1778-79	+5.0	1780-1767
May	1768-69	+5.0	1771-1768
July	1755-67	+1.5	—
Sept.	1754-65	+6.0	—

Sales: 4,235 (same) lots of 5 tonnes.

ICO indicator prices for August 22 (cents per pound). Other Mild Arabicas 201.17 (200.33). Robustas ICA 1976 182.00 (184.00). ICA 1968 183.25 (184.25). Colombian Mild Arabicas 208.00 (205.00). Unwashed Arabicas 204.00 (188.50). Comp. daily ICA 1968 197.28 (195.72).

GRAINS

The market opened between 10-20 points higher but found steady commercial buying during both sessions. There was some particularly agressive shipper buying in barley in the afternoon session which absorbed very well all the hedge selling apparent in the market. Wheat was generally neglected and the strength was more as a result of barley rather than as a result of demand for the material itself. By the close despite profit-taking values closed between 40-55 points higher on barley and between 30-35 points higher on wheat. Acli reported.

WHEAT			BARLEY	
M'nth	Yesterd'ys close	+ or —	Yesterdys close	+ or —
Sept.	91.40	+0.35	87.45	+0.55
Nov.	95.50	+0.30	91.55	+0.55
Jan.	99.65	+0.30	95.75	+0.45
Mar.	103.05	+0.30	99.20	+0.40
May	106.30	+0.35	102.45	+0.45

Business done—Wheat: Sept. 91.40-91.20, Nov. 95.45-95.20, Jan. 99.65-99.45, March 102.90-102.65, May 106.15-106.10. Sales: 128 lots of 100 tonnes. Barley: Sept. 87.55-87.05, Nov. 91.60-91.15, Jan. 95.80-95.40, March 99.25-98.90, May 102.45-101.10. Sales: 363 lots of 100 tonnes.

IMPORTED—Wheat: CWRS No. 1 13½ per cent unquoted: U.S. Dark Northern Spring No. 2 14 per cent Aug. 98.25, Sept. 99.00, Oct. 100.25, transhipment East Coast. U.S. Hard Winter 13½ per cent Sept. 101.50, transhipment East Coast; EEC unquoted. Maize: U.S./French Aug.-Sept. 108.50, transhipment East Coast; S. African White unquoted; S. African Yellow Sept.-Oct. 82.50. Barley: English feed fob Aug. 88 nominal, Sept. 90 nominal. Sorghum: U.S./Argentine unquoted. Oats: Scandinavian feed unquoted.

HGCA—Location ex-farm spot prices. Feed: Barley—S. East 81.80, S. West 83.80, W. Midlands 83.20, W. Midlands 83.20. N. West 84.50. Other milling wheat: N. West 92.00. The UK Monetary Coefficient for the week beginning August 27 is expected to remain unchanged.

RUBBER

The London physical market opened easier with small covering orders at lower levels, closing on a quiet note. Lewis and Peat reported a Malaysian godown price of 275 (279) cents a kilo (buyer, September).

No. 1 R.S.S.	Yesterd'ys Close	Previous Close	Business Done
Sept.	58.50-57.55	57.50-57.75	—
Oct.	57.50-58.00	58.50-58.80	—
Oct-Dec	58.50-58.55	59.05-59.25	58.65-58.50
Jan-Mar	61.40-61.50	62.10-62.15	62.70-61.35
Apr-Jne	63.75-63.80	64.55-64.40	64.40-63.60
Jly-Sept	66.20-66.30	66.80-66.85	66.40-66.20
Oct-Dec	68.75-68.80	69.30-69.55	68.85-68.75
Jan-Mar	71.25-71.30	71.75-71.85	71.25
Apr-Jne	73.70-73.75	74.25-74.30	73.85-73.70

Sales: 348 (222) at 15 tonnes.

Physical closing prices (buyer) were: Spot 56.50p (57.25p), Sept. 61.75p (62.50p); Oct. 61.75p (62.50p).

SOYABEAN MEAL

The London Market opened easier on stronger sterling and trade selling, reported T. G. Roddick. The market remained within a narrow trading range to close around £1.60 down.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
October	118.00-18.5	—1.45	118.80-118.00
December	118.80-19.0	—1.55	118.80-118.50
February	120.60-21.5	—1.35	121.00
April	121.50-23.5	—1.85	—
June	122.50-26.0	—1.0	—
August	126.00-27.0	—1.26	—

Sales: 58 (80) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £103.00 (same) a tonne cif for Aug-Sept-Oct. shipments. White sugar daily price was £111.50 (£112.00).

The market opened unchanged from overnight levels but quickly came under pressure and losses of £1.00 were recorded by mid-day. Arbitrage buying later produced a sharp reaction and by the close net gains of £0.50 were showing over the day, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Oct.	108.65-08.70	108.25-08.50	108.75-07.10
Dec.	112.65-12.70	112.15-12.25	112.75-11.00
March	119.70-19.80	120.00-20.10	120.10-18.60
May	123.05-23.10	123.25-23.50	123.85-21.90
Aug.	127.30-27.50	128.00-28.50	127.25-26.40
Oct.	131.35-31.85	131.50-32.25	131.58

Sales: 2,088 (965) lots of 5 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £297.55 (same) a tonne for home trade and £171.50 (same) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for August 22: Daily price 8.96 (8.82); 15-day average 8.73 (8.56).

WHITE SUGAR—Close (in order: buyer, seller, business, sales). Nov. 112.75, 112.95, 113.00-112.00, 182; Feb. 119.50, 119.75, 120.30-119.00, 109; April 123.50, 124.00, 124.50-123.50, 15; July 127.00, 128.00, 128.25, 2; Sept. 131.25, 131.45, 131.50, 10; Nov. 134.00, 137.50, nil, nil; Feb. 137.00, 142.50, nil, nil. Sales: 318.

HIDES — Manchester: Mainly unchanged. Second clear Ox 31-35.5 kilos 83.0p a kilo (83.5p a kilo withdrawn); 26-30.5 83.0p (83.5p withdrawn); 22-25.5 85.0p (86.3p) withdrawn. Light cows 86.0p (same) withdrawn.

WOOL FUTURES

SYDNEY GREASY — Close (in order buyer, seller, business, sales). Micron contract Oct. 409.8, 410.0, 411.0-409.0, 28; Dec. 414.0, 414.5, 418.0-413.5, 66; March 424.5, 425.0, 427.0-423.5, 85; May 426.0, 426.5, 429.5-425.5, 38; July 427.0, 427.5, 431.0-426.5, 36; Oct. 427.5, 428.0, 431.5-429.0, 9; Dec. 428.0, 428.5, 433.0-429.0, 28. Sales: 292.

LONDON GREASY—Close (in order: buyer, seller only). Oct. 218.0, 233.0; Dec. 218.0, 238.0; March/May/July/Oct./Dec. 228.0, 238.0.

NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business, sales) Oct. 178.0, 183.0, 179.5, 6; Dec. 180.0, 191.0, nil, nil; May/July/Oct./Dec. 181.0, 193.0, nil, nil. Sales: 6.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 132 tonnes, bringing the total for the week so far to 621 tonnes. Small support was again recorded without large-scale activity. Many users were reluctant to anticipate their requirements although modest purchases were mentioned in African, Russian and Turkish styles.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 62.0 to 66.0; Eire hindquarters 78.0 to 80.0, forequarters 42.0 to 44.0. Veal: Dutch hinds and ends 93.0 to 97.0. Lamb: English small 58.0 to 62.0, medium 56.0 to 60.0, heavy 50.0 to 58.0; Scottish medium 54.0 to 58.0, heavy 50.0 to 56.0; Imported frozen: New Zealand PL 49.0 to 49.5, PM 48.0 to 48.5. Pork: English, under 100 lb 35.0 to 44.0, 100-120 lb 35.0 to 43.0, 120-160 lb 36.0 to 42.0.

PRICE CHANGES

In tonnes unless otherwise stated.

	Aug. 23 1979	+ or —	Month ago
Metals			
Aluminium	£710/50	....	£710/50
Free Mkt (cs)	$1510-1530	—20	$1,520.40
Copper			
Cash w'bar	£883	—4.5	£804.25
3 mths	£883.25	—5	£823.5
Cash Cathode	£847	—7	£782.75
3 mths	£866	—3.5	£805.5
Gold troy oz	$308.875	—0.5	$305.875
Lead cash	£527.25	—12.75	£543.5
3 mths	£526.5	—10	£524.5
Nickel	£2854	......	£3,225.4
Freemkt(c)(lb)	255/280c	+2.5	250/275c
Platin'mtr'y oz	£155.5	......	£156.5
Free mkt	£185.25	—3.1	£176.05
Quicksil'ver	$290/310	—5	$280/300
Silver troy oz	425.85p	—3.1	404.6p
6 months	438.45p	—3.4	416.35p
Tin Cash	£6,582.5	—22.5	£6,395
3 mths	£6,612.5	—25	£6,550
Tungsten	$143.12		$143.12
Wolfrm 22.04 cif	$143.148	+1	$134/140
Zinc cash	£277	—1.5	£313
3 months	£288.5	+2.25	£323.25
Producers	$780	......	$845
Oils			
Coconut (Phil)	$1,015z	—5	$1,140
Groundnut	......	......	......
Linseed Crude	£415	—10	£395
Palm Malayan	$650z	—2	$679
Seeds			
Copra Philip	$660y	......	$736.0
Soyabean (U.S.)	$307z	—6.8	$330.5
Grains			
Barley Futures	£91.55	+0.55	£91.80
Maize			
French No3AM	£108.50z	......	£105.5
Wheat			
No. 1 Red Spg.	‡	......	£94.50
No2HardWint.	£101.5z	—1.5	£95.25
Eng. Milling†	£97.00x	......	‡
Other commodities			
Cocoa ship't	£1,548	—15.0	£1,442.5
Future Dec	£1,467	—14.5	£1,537.5
CoffeeFt'r Nov	£1,822.5	—1.5	£1,779
Cotton A.Index	77.50c	—0.15	77.25c
Rubber (kilo)	56.50p	—0.75	56.50p
Sugar (Raw)	£105.0	......	£92.5
Wooltp's 64s kl	273p	—1	265p

* Nominal. † New crop. ‡ Unquoted. s Aug.-Sept. t Sept. w Sept.-Oct. x Oct. y Oct.-Nov. z Indicator. § Buyer.

MEAT COMMISSION—Average fatstock prices at representative markets on August 23 GB—Cattle 80.87p per kg liveweight (−0.03). UK—Sheep 140.0p per kg est dcw (−2.0). GB—Pigs 62.9p per kg liveweight (−0.1). England and Wales—Cattle numbers up 2.2 per cent average 81.02p (−0.07), sheep numbers up 4.5 per cent average price 140.2p (−1.9); pig numbers down 0.8 per cent average price 62.8p (−0.1). Scotland—Cattle numbers up 9.7 per cent average price 80.50p (+0.30), sheep numbers 20.7 per cent average price 127.8p (−3.9).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—South African: Valencias 4.00-4.70, Navels/Proteas 3.80-4.30; Brazilian: 2.50-2.80. Lemons—Italian: 100/150's 6.50-7.00. Grapefruit—South African: 27/72 3.80-6.05. Apples—French: Golden Delicious, new crop, boxes 40 lb 150/175 4.00; 20 lb 2.00; South African Granny Smith 2.00-2.50; New Zealand: Red Dougherty 5.00, Granny Smith 7.30, Sturmers 4.00; Tasmanian: Sturmer Pippin 4.00, Granny Smith 4.50-5.00, Croftons 5.00-5.50. Pears—Spanish: Williams per pound 0.14; French: Guyots 28 lb 3.60, Williams 3.40; Italian: Williams per pound 0.14-0.18. Plums—Italian: Per pound Belles 0.08, Giant Prunes 0.07, Stanley 0.10; French: Gages 0.12; Hungarian: Switzens 6 kg 1.00. Grapes—Cyprus: Sultana 0.18-0.20, Thompson 0.25, Alphonse 0.25, Rozeki 0.25; Italian: Regina 10 lb 1.80-2.00. Spanish: Alphonse per pound 0.20. Nectarines—Italian: C/B/A's 5.00-6.00; French: 28's 2.00. Bananas—Jamaican: Per 28 lb 4.50. Avocados—South African: 3.50-4.00. Melons—Spanish: Yellow Honeydew 10 kg 5/14's 2.20-2.50. Onions—Spanish: 3.50-5.20; Dutch: 3.80. Tomatoes—Jersey: Per tray 1.30-1.50; Guernsey: 1.40-1.60; Dutch: 1.50. Cabbages—Dutch: White, net 4.50. Potatoes—Cyprus: 1.80-2.00. Peaches—Italian: 1½ trays C's 2.00-2.20, B's 2.50-2.60, A's 2.80-3.00, AA 3.00-3.20.

English Produce: Potatoes—New crop per bag 2.00-2.20. Lettuce—Per 12 round 1.20, Cos 1.40. Mushrooms—Per pound 0.70. Apples—Per pound Bramley 0.06-0.10, Grenadiers 0.04-0.05, Howgates 0.05-0.06, George Cave 0.08, Discovery 0.10-0.14, Millers 0.06, Winter Pearmain 0.10-0.12. Plums—Per pound Czars/Rivers 0.06. Tomatoes—Per pound 1.30-1.50. Cucumbers—Trays 8/18's 1.00-1.40. Cauliflowers—12's Lincoln 1.80-2.00. Celery—Boxes, naked 15/14's 1.30-1.50, cartons 18/24's 2.20-2.60. Peas—Per pound 0.12-0.13. Onions—Per bag 3.80-4.00. Carrots—Per bag 0.80-1.00. Beetroot—Per bag 0.80-1.00. Marrows—Per 18's 0.80. Capsicums—Per pound 0.20-0.25. Swedes/Turnips—Per 25/28 lb 1.00. Stick Beans—Per pound 0.12-0.15. Runner Beans—Per pound 0.08-0.10.

GRIMSBY FISH — Supply good, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £4.40-£4.80, codlings £2.80-£3.90. Large haddock £3.20-£4.40, medium £2.80-£3.40, small £1.65-£2.50. Medium plaice £5.00-£7.80, best small £3.80-£4.40. Skinned dogfish, large £8.50, medium £7.00. Lemon soles, large £7.00, medium £6.50. Rockfish £2.80; Saithe £1.40-£2.20.

AMERICAN MARKETS

NEW YORK, August 22.

ANOTHER SHARP rally in the precious metals has advanced both gold and silver to all-time high prices on trade and commission house buying. The Soya-complex followed the silver advance, while grains were under moderate pressure as a result of massive selling by commercial houses. Copper buying followed the trend in precious metals for sizeable gains. Cocoa was strong on short-covering by commission houses. Heavy trade buying in sugar advanced the market to new highs on this move. Cotton found major support on news of hail damage to the West Texas crop, with both trade and speculative buying. Coffee was mixed over a wide range. The livestock complex was mixed with product markets close to topping out, Heinold reported.

*Platinum—Aug. nil (403.10). Sept. 421.00 (407.70), Oct. 420.30, Jan. 417.80, April 422.30, July 425.80, Oct. 430.20, Jan. 433.80.

Copper—Aug. 87.35 (86.40), Sept. 87.35 (86.40), Oct. 87.85, Dec. 88.20, Jan. 89.25, March 89.90, May 90.15, July 90.35, Sept. 90.35, Dec. 90.45, Jan. 90.50, March 90.60, May 90.70, July nil.

*Gold—Aug. 315.10 (311.20), Sept. 315.60 (311.60), Oct. 318.40, Dec. 324.70, Feb. 330.60, April 336.40, June 342.00, Aug. 347.50, Oct. 353.00, Dec. 356.50, Feb. 363.90, April 369.10, June 374.30.

§Silver—Aug. 971.3 (951.3), Sept. 973.7 (953.7), Oct. 981.8, Dec. 996.0, Jan. 1005.1, March 1019.3, May 1032.5, July 1045.7, Sept. 1058.9, Dec. 1078.0, Jan. 1084.4, March 1097.3, May 1110.2. Handy and Harman bullion spot 953.50 (945.50).

Potatoes (round, whites)—Nov. 85.6 (85.0), March 87.0 (87.5), April 107.9, May 126.6.

Tin—683.00-700.00 nom. (683.00-700.00 nom.).

CHICAGO, August 23.

Lard—Chicago loose 25.75 (25.50). New York prime steam unavailable.

Live Cattle—Oct. 65.35-65.40 (64.77-65.47), Dec. 66.45-66.30 (65.72-63.37), Jan. 67.20, Feb. 67.60-67.45, April 68.65-68.60, June 70.00-69.85, Aug. 69.00-68.90, Oct. 68.40, Dec. nil. Sales 30,148.

Live Hogs—Oct. 35.75-35.85 (35.97-

‡‡Maize—Sept. 280-280½ (283¾), Dec. 283-283½ (285¼), March 294¼-294½, May 299¾, July 302¼, Sept. 304.

Pork Bellies—Aug. 35.30-35.50 (35.15-35.40), Feb. 41.50-41.40 (41.55-41.45), March 42.05-41.85, May 43.00, July 44.15-44.30, Aug. 43.55. Sales 6,861.

Silver—August 974.0-973.5 (955.0), Sept. 973.5 (953.6), Oct. 982.1, Dec. 998.7, Feb. 1,013.8, April 1,024.5, June 1,039.5, August 1,052.6, Oct. 1,065.6, Dec. 1,079.1, Feb. 1,092.6, April 1,106.3, June 1,120.2, August 1,134.3, Oct. 1,138.6, Dec. 1,163.1, Feb. 1,177.8, April 1,192.7, June 1,207.8, August 1,223.1.

‡Soyabeans—Sept. 728½-728 (721¼), Nov. 722-723 (719), Jan. 735¼-736½, March 748½-749, May 757½, July 763, August 761, Sept. 752.

‖Soyabean Meal — Sept. 192.40-192.80 (192.40), Oct. 193.00-193.30 (193.10), Dec. 196.60-197.00, Jan. 198.70-198.50, March 201.50, May 203.70-104.00, July 204.50, August 206.20, Sept. 206.50-207.00.

Soyabean Oil — Sept. 28.70-28.75 (28.12), Oct. 27.40-27.45 (27.03), Dec. 204.00, July 204.50, August 206.20, 26.55-26.65, Jan. 26.50-26.40, May 26.45-26.50, July 26.40, August 26.30, Sept. 26.20.

‡Wheat—Sept. 437½-437 (442), Dec. 449-448 (454), March 459-458½, May 459-458½, July 438, Sept. 442½.

WINNIPEG, August 23. §Barley—Oct. 107.80 (108.70), Dec. 105.80 (106.30), March 104.20, May 103.90, July 103.40.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 234.10 (252.20).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § SCan. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, August 23.

Wheat—U.S. No. 2 Dark Hard Winter wheat, 13.5 per cent, Sept. $205, Oct. $207, Nov. $209, Dec. $212, Jan. $215, Feb. $217, March $219. U.S. Hard Winter wheat ordinary, unquoted. U.S. No. 2 Red Winter wheat Sept. $192, Oct. $194, Nov. $201. U.S. No. 2 Northern Spring wheat 14 per cent, Aug. $201, Sept. $201, Oct. $203, Nov. $205, Dec. $213, Jan. $221, Feb. $223, March $225.

Maize—U.S. No. 3 Corn Yellow afloat $136, Sept. $139, Oct. $141, Nov. $142, Dec. $145.50, Jan./March $150.75, April/June $152.

Soyabeans—U.S. Two Yellow Gulfports Aug. $302, Sept. $303, Oct./Nov. $293, Dec. $299, Jan. $303, Feb. $308.50, March $308.75, April/May $311, June/July $313. Brazil Yellow FAQ unquoted. Argentine afloat $289, Aug. $291, May $304, June $306, July $307.25.

Soyameal—44 per cent protein U.S. afloat $226, Aug. $230, Sept. $233, Oct. $243, Nov./March $247, April/Sept. $252 sellers, afloat $225 traded. Brazil Pellets afloat $230, Aug. $237, Sept. $244, Oct. $254, April/Sept. $260.

PARIS, August 23.

Cocoa (FFr per 100 kg)—Sept. 1,320-1,333, Dec. 1,360-1,365, March 1,380-1,400, May 1,405-1,425, July 1,421, Sept. 1,435-1,465. Sales at call: 1.

INDICES

FINANCIAL TIMES

Aug. 22	Aug. 21	M'nth ago	Year ago
285.42	287.30	281.87	245.13

(Base: July 1, 1952=100)

MOODY'S

Aug. 22	Aug. 21	M'nth ago	Year ago
1087.5	1087.3	1082.9	935.5

(December 31, 1931=100)

DOW JONES

Dow Jones	Aug 22	Aug. 21	Month ago	Year ago
Spot	401.37	401.14	406.20	364.82
F'tur's	411.95	413.20	412.95	359.04

(Average 1924-25-26=100)

REUTERS

Aug. 23	Aug. 22	M'nth ago	Year ago
1571.2	1577.1	1538.4	1457.4

(Base: September 18, 1931=100)

ICI interim figures trigger rally in leading industrials from lower levels but index closes 2.6 down at 463.1

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
July 30	Aug. 9	Aug. 10	Aug. 20
Aug. 13	Aug. 23	Aug. 24	Sep. 3
Aug. 28	Sep. 6	Sep. 7	Sep. 17

* "New time" dealings may take place from 9.30 am two business days earlier.

The second-quarter figures from ICI appeared to be well received in stock markets yesterday and helped to arrest a fall which, shortly before 2 pm, was beginning to assume sharp proportions in leading shares.

Sentiment initially was unsettled by news that the TUC had rejected the Government's proposals for union reforms and, with some nervous selling taking place in front of ICI's statement, the FT 30-share index gradually gave ground. It was 6.2 down at 1 pm but recovered to close 2.6 lower on balance at 463.1.

ICI, down to 336p at one stage, rallied immediately the figures were announced and the movement gained impetus on a demand, the bulk of which represented covering of bear positions taken out quite recently, to finish with a rise of 11 on balance at the day's best of 351p.

Apart from the activity in ICI, there was little of note in leading shares but, among the sectors, Stores were unsettled by the half-yearly results from **House of Fraser**. These proved to be well below market expectations and House of Fraser fell 7 to 131p, while other losses in this sector extended to 12.

Overall trading conditions in all sectors were again subdued and, once again, interest centred chiefly on companies making trading statements and those considered possible bid candidates.

The rise in sterling early yesterday gave little comfort to British Funds and the trend throughout the sector was marginally easier at the close. Short-dated issues attracted a modest buying interest initially, but minor gains were eroded in the afternoon and finally replaced by losses extending to 1/8. The longs were also a touch below list levels following occasional selling. Late afternoon news of the estimated Pubic Sector Borrowing Requirement for the second-quarter of the year made no impression on sentiment.

The main influence on rates for investment currency was again the course of sterling and initially the premium went down to 29½ per cent before rallying to close a net ½ lower at 30 per cent. Dealers noted a small two-way trade throughout the day. Yesterday's SE conversion factor was 0.8967 (0.8985).

Wednesday's flurry of business in Traded options proved to be short-lived and only 313 deals were completed against the previous day's total of 1,117 and last week's daily average of 310.

Bank of Ireland down

Higher the previous day on reports of an oil find off the south coast of Eire by Marathon Petroleum of the U.S., Irish banks turned reactionary on profit-taking. **Bank of Ireland** closed 12 lower at 320p, while **Allied Irish** cheapened 5 to 120p. With the exception of **NatWest**, which hardened 2 to 325p, the major clearers drifted lower on lack of support. **Barclays** dipped 6 to 422p, **Lloyds** gave up 5 to 283p and **Midland** slipped 4 to 350p. Elsewhere, **Commercial Bank of Australia** lost 5 to 151p despite the sharp increase in annual earnings, but **Hambros** encountered revived support and finished 4 dearer at 316p. Among Hire Purchases, **Wagon Finance** declined 2 to 41p; the interim results are due next Friday.

Insurances failed to attract much interest and closed mixed. **Willis Faber** advanced 7 to 222p but **Royals** cheapened 3 to 340p as did **Hambro Life** to 119p.

Early falls in Breweries were reversed by mid-afternoon and the leaders ended little changed on the day. Regional issues closed narrowly easier with **Morland**, 95p, and **Vaux**, 158p, both down around 4. Distilleries also displayed a slightly easier bias, **Highland** giving up 2 at 91p, and **Distillers** 3 at 220p.

William Whittingham, up 12 at 93p on the good half-yearly figures and encouraging statement on dividend prospects, provided one of the few noteworthy movements in the Building sector. Revived buying interest in a thin market lifted **Burnett and Hallamshire** 15 to 460p, while satisfactory first-half results left **Newarthill** 8 to the good at 176p. **Costain** responded to occasional buying with a rise of 4 to 162p. Among the leaders, **Blue Circle** touched 264p before settling with a net fall of 2 at 266p.

Down to 336p in front of the second-quarter figures, **ICI** quickly moved ahead on the announcement and, with the aid of bear covering, closed 11 higher on the day at 351p. Elsewhere in the Chemical sector, **Coalite** were not helped by the walk-out of hourly paid workers at three of its plants in Derbyshire and South Yorkshire and cheapened 2 to 83p.

House of Fraser fall

Already dull in reaction to adverse comment, leading Stores took a further turn for the worse following news of **House of Fraser's** poor interim results, which came well below expectations, and the accompanying bearish statement regarding third-quarter prospects. Fraser fell away to touch 128p before picking up slightly to close a net 7 down at 131p. Sympathetic falls among other majors ranged to 12, with **Gussies "A"** that much off at 404p and **Burton "A"** 10 lower at 250p. **W. H. Smith "A"** receded 9 to 172p and **British Home** relinquished 8 to 263p. Talk that a broker had downgraded an earlier profits projection for **Marks and Spencer** clipped a few pence off the price at 107p. Elsewhere, **Harris Queensway**, 264p, and **MFI Furniture**, 160p, lost 4 apiece, but **Lee Cooper** hardened 3 in a thin market to 208p following Press comment. **R. and J. Pullmann** hardened a penny to 111p, after 112p, in response to the results and proposed scrip-issue.

Shoes were featured by a late burst of strength in **Stylo**, which rose 11 after-hours' to 215p on revived bid hopes.

Racal Electronics, 3 dearer at 473p, continued firmly in Electricals where **Plessey** again moved against the trend in the leaders to close with an improvement of a penny at 114p. **EMI** declined 3 to 93p and **GEC** cheapened 4 to 382p. **Decca** issues came on offer in thin market and the ordinary fell 20 to 315p and the "A" 25 to 295p. **T. Clarke** softened 2 to 16p following the annual profits setback. Elsewhere, improvements of 4 and 6 respectively were recorded in **Automated Security**, 180p, and **Electronic Rentals**, 202p.

Final losses in the Engineering leaders were usually limited to a few pence or so, but **John Brown**, down 14 at 403p, after 398p, showed market weakness owing to selling on an unwilling market. **Tubes** finished 4 cheaper at 320p, after 318p, and **Vickers** were 2 off at 160p. Elsewhere, trade was at an extremely low ebb and the tendency was to lower levels. Scattered offerings left **Simon Engineering** 4 down at 274p and **B. Elliott** a like amount cheaper at 216p. **Startrite**, 137p, and **Birmid Qualcast**, 45p, gave up 3 and 2 respectively, while **Joseph Shakespeare** reacted 2 to 19p among smaller-priced issues. The reduced interim dividend and profits induced a reaction of 3 to 37p in **AI Industrial Products**, while lower half-yearly earnings left **Hill and Smith** a similar amount down at 51p. **Newman Tonks**, the subject of favourable Press mention recently, met with profit-taking and eased 2 to 76p.

In the absence of further bid developments, **Spillers** were subdued and finished 1½ cheaper at 46p, while bidders **Dalgety** were again marked lower, closing 5 off at 279p, after 276p, a three-day fall of 18. Elsewhere Foods attracted little attention, although **Associated Dairies**, 275p and **J. Sainsbury**, 310p both gave up 5. **Needlers** slipped a couple of pence to 55p following the reduced interim profits, but **Joseph Stocks** added 5 to 200p on the annual results and capital proposals.

BOC easier

In Hotels, **Grand Met.** ended a penny off at 141p after 139p, while mid-term profits from **Queens Moat Houses**, 1½ cheaper at 40p, failed to impress.

The favourable half-yearly results from ICI arrested the decline in the miscellaneous industrial leaders and also helped most quotations close well above the day's lowest levels. **Beecham** ended 3 better at 146p, after 142p, and **Glaxo** finished 5 higher at 443p, after 435p. **Pilkington** cheapened 4 to 311p, after 308p, and **Unilever** softened 2 to 502p, after 498p. Second-thoughts about the third-quarter profits and concern about the reported 30 per cent wage claim lodged by its gas workers left **BOC International** 2 lower at 70p, after 69p. Against the dull trend in secondary issues, **Hepworth Ceramic** stood out with a speculative improvement of 4½ to 114p, while **Aeronautical and General Instruments** gained 5 to 145p in response to the sharply higher annual profits. **Kennedy Smale** rose 3 to 55p for a similar reason and favourable trading news also prompted a rise of 3½ to 53p in **Fitzwalton**. Fresh speculative interest was shown in **Avon Rubber** which closed 4 better at 154p but **Macarthys Pharmaceuticals** lost 4 to 146p on news of the proposed £3m rights issue. **Barco Dean** came on offer at 68p, down 4, while **European Ferries** dipped 3½ to 133p and **Kesley Industries** eased 5 to 140p. **Swire Pacific** lost 4½ to 77½p and **Wheelock Mardon** 2½ to 31½p on far-eastern advices.

Arlington continued to be stimulated by the prospect of higher first-quarter profits and put on 4 to 111p for a two-day gain of 9. Other Motors however, drifted lower in slack trading. **Dowty** gave up 6 at 309p and **Jonas Woodhead** slipped 3 to 99p. **Flight Refuelling** dropped 8 to 174p in the face of further profit-taking, while **Dunlop** shed a penny to 60p. **Abbey Panels** held at 64p ahead of today's half-time results.

Selected Advertising Agencies met with support and **L & P Poster**, 278p and **Mills and Allen**, 288p, both rose around 10.

Still reflecting adverse comment on the outlook for rents, Properties continued to trade lower. **Land Securities** gave up a further 4 to 297p, after 296p, and **MEPC** dipped 3 to 189p. **Haslemere Estates** lost 4 to 300p, while falls of around 5 were seen in **Centrovincial Capital**, 130p, **Chesterfield**, 265p, **Churchbury Estates**, 415p, and **Greycoat**, 101p.

Burmah sold

Oils behaved similarly to surrounding markets and rallied from the lowest levels in the afternoon. **Burmah** came under pressure following a broker's sell advice and closed 4 down at 140p, but a forecast general downturn in oil company profits next year from another broking house had little impact on sentiment. **British Petroleum** slipped 10 to 1,130p, but **Shell** picked up from 316p to close a net 2 off at 320p. **Tricentrol** gave up 4 at 218p, while losses of around 5 were sustained by **LASMO**, 242p, and **Oil Exploration**, 342p. **Siebens (UK)** were again vulnerable and fell 12 to 250p, after 246p.

Among Overseas Traders, **S. Hoffnung** recovered half of Wednesday's fall of 6, which followed the disappointing full-year results, to close at 56p.

Shippings finished narrowly easier after a quiet session. **Ocean** shed a fraction to 90½p, still unsettled by the chairman's comments about future dividend payments, while small selling in a restricted market left **Stag Line** 8 lower at 142p. **Reardon Smith** held at 69p awaiting today's preliminary results.

Small mixed movements were order of the day in the Textile sector. **Dawson International** put on 3 to 107p, but **David Dixon** eased that much to 162p, while **Tern-Consulate** gave up a couple of pence at 78p.

Golds easier

Trading in South African Golds was on a much smaller scale than Wednesday. Share prices opened firmer, reflecting renewed overnight American buying, but lost ground during the morning and early afternoon as profit-taking followed the lack of fresh progress by the bullion price.

However, towards the close and in the after-hours' trade revived American support enabled prices to close only fractionally below their opening levels.

Bullion was finally 50 cents up at $309.875. The Gold Mines index registered a 0.9 fall at 179.9, while the ex-premium index gave up 1.1 at 161.3.

In the heavyweights, **Free State Geduld** were well supported and closed ¼ firmer at £14¼, while **Western Holdings** hardened to ⅛ to £17½. **Vaal Reefs** were finally ⅛ cheaper at £16¼, after £16⅛. Medium and lower-priced stocks showed **Durban Deep** 23 higher at 525p following Continental buying.

South African Financials were quietly mixed. **Anglo American Corporation** and **De Beers** fell 3 apiece to the common price of 370p but **Union Corporation**, 2 better at 394p, continued to improve in front of the half-year results which are expected next Tuesday. **UC Investments** were unaltered at 294p.

Australians came in for modest profit-taking after the good rises that followed the Federal Budget. **Bougainville** and **Western Mining** were both 6 down at 123p and 166p respectively, while **MIM Holdings** gave up 4 to 200p and **Conzinc Riotinto** 3 to 212p.

Among golds, **Poseidon** rose 2 more to 61p but **Gold Mines of Kalgoorlie** eased the same amount to 93p.

Tins showed **South Crofty** 3 off at 38p, after an initial 42p, following the reduced dividend. **Saint Piran** eased a penny to 74p, in sympathy.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	1300	6	8	57	10	66	—	1130p
Cons. Gold	220	13	—	21	9	30	—	220p
Cons. Gold	260	3	5	8	—	—	—	"
GEC	360	38	10	60	—	73	—	382p
GEC	390	18	16	40	—	54	—	"
GEC	420	7	11	26	—	38	—	"
Grand Met.	138	9	13	15	13	—	—	140p
Grand Met.	160	—	—	—	—	10	7	"
ICI	330	22	6	31	27	38	—	348p
ICI	360	8	5	14	8	21	—	"
ICI	420	1	—	2	5	—	—	"
Marks & Sp.	120	2½	—	6	60	10	14	107p
Shell	300	26	3	36	—	46	—	319p
Shell	350	6	—	14	16	—	—	"
Shell	400	2	—	5	3	—	—	"
Totals			76		141		21	
		November		February		May		
BOC Intl.	80	2	—	4	30	6	—	70p
EMI	100	5	—	12	3	20	1	93p
EMI	110	6	1	8	—	—	—	"
Imperial Gp.	90	6½	—	10	—	12½	10	91p
RTZ	260	40	1	53	—	—	—	290p
RTZ	280	28	4	40	—	49	—	"
RTZ	300	17	—	29	25	38	—	"
Totals			6		58		11	

FINANCIAL TIMES STOCK INDICES

—	Aug. 23	Aug. 22	Aug. 21	Aug. 20	Aug. 17	Aug. 16	A year ago
Government Secs.	73.54	73.57	73.81	73.64	73.64	74.03	70.88
Fixed Interest	74.64	74.65	74.71	74.65	74.69	74.82	72.40
Industrial	463.1	465.7	464.5	467.4	474.2	479.7	509.3
Gold Mines	179.9	180.6	170.5	169.3	172.7	167.1	172.0
Gold Mines(Ex-$ pm)	161.3	163.4	153.3	151.7	152.7	147.1	121.4
Ord. Div. Yield	7.04	7.01	7.00	6.95	6.87	6.79	5.32
Earnings, Yld. % (full)	17.53	17.54	17.51	17.39	17.17	16.98	16.85
P/E Ratio (net) (*)	7.18	7.18	7.19	7.24	7.33	7.48	8.50
Total bargains	14,242	15,687	14,770	16,166	15,012	15,457	—
Equity turnover £m	—	53.75	64.18	82.84	69.10	83.81	79.94
Equity bargains total	—	9,556	11,180	12,677	10,659	11,949	16,886

10 am 464.4, 11 am 463.4, Noon 461.5, 1 pm 459.6, 2 pm 459.8, 3 pm 460.8.

Latest index 01-246 8026.

* Nil=6.90.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/6)	64.64 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/6)	66.03 (15/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	208.4 (8/6)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines Ex $pm)	169.5 (6/6)	95.2 (2/11)	337.1 (3/4/74)	54.3 (25/6/76)

S.E. ACTIVITY

	Aug. 23	Aug. 22
—Daily		
Gilt Edged	108.1	101.2
Industrials	108.8	104.5
Speculative	34.5	33.8
Totals	71.7	69.6
5-d'y Av'r'ge		
Gilt Edged	116.1	118.6
Industrials	121.8	126.3
Speculative	21.5	21.6
Totals	79.7	81.5

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (9)

BANKS (1)
Trade Dvlpt. Bank

BEERS (2)
Burtonwood — Young Brew. A

ELECTRICALS (2)
Automated Sec. — Farnell Electronics

FOODS (2)
Assoc. Fisheries — Stocks (J.)

INSURANCE (1)
Trade Indemnity

PAPER (1)
Mills & Allen

NEW LOWS (25)

CHEMICALS (1)
Fisons

[illegible]
Aurora — Hopkinsons
Castings — Shakespeare (J.)
Christy Bros. — Shaw (Francis)
CompAir — Tube Investments

FOODS (1)
Tate & Lyle

INDUSTRIALS (5)
Braby Leslie — Letraset
Dobson Park — Wood Hall
Gosforth

LEISURE (1)
Medminster

MOTORS (1)
Lotus Car

NEWSPAPERS (1)
Collins (Wm.) A

SHIPPING (1)
Ocean Transport

TEXTILES (2)
Carrington Viyella — Martin (A.)

TOBACCOS (1)
Rothmans Internatl.

TRUSTS (1)
Dalgety

TEAS (1)
Blantyre

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug. 20	Aug. 31	Nov. 15	Nov. 26
Sep. 3	Sep. 14	Nov. 29	Dec. 10
Sep. 17	Sep. 28	Dec. 20	Jan. 7

For rate indications see end of Share Information Service

Call options were dealt in Spillers, Hambro Life, Bambers, Town and City Properties, Scottish and Newcastle, Cons. Gold Fields, Premier Oil, Avenue Close, Wadham Stringer, Ratners, Northern Engineering, Coral Leisure, Ward and Goldstone, Avon Rubber, Walker and Homer, Celtic Haven, Sirdar, and John Brown. No puts were reported, but doubles were arranged in Wheelock Marden A, Swire Pacific and Hongkong Banking.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	2	24	60
Corpns. Dom. and Foreign Bonds	8	9	55
Industrials	120	357	831
Financial and Prop.	57	130	320
Oils	4	22	13
Plantations	2	10	18
Mines	23	69	61
Others	25	67	67
Totals	240	668	1,423

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
ICI	£1	9	351	+11	415	314
Marks & Spencer	25p	9	107	− 3	134	83
Barclays Bank	£1	8	422	− 6	514	360
Imperial Group	25p	7	91½	—	108	82
Unilever	25p	7	502	− 2	680	482
Courtaulds	25p	6	90	—	122	82
Lloyds Bank	£1	6	283	− 5	360	272
Allied Breweries	25p	5	91½	− ½	102	80
BP	£1	5	1,130	−10	1,395	882
Coats Patons	25p	5	57	− 1	77	54½
Commercial Un.	25p	5	137	− 1	185	134
Foster Bros. Clothing	25p	5	128	− 2	130½	81
House of Fraser	25p	5	131	− 7	167	104
Shell Transport	25p	5	320	− 2	402	278
Woolworth (F.W.)	25p	5	72	− 2½	87	63

RECENT ISSUES

EQUITIES

Issue Price p‡	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p‡	+ or −	Div. P. of Amount	Times Covered	Gross Yield	P.E. Ratio
¶¶	F.P.	24/8	75	60	Arrow Chemicals	70	......	b2.0	2.8	4.1	15.1
¶¶	F.P.	—	88½	85	Barlow Hldgs.	84	......	T2.6	1.1	4.4	28.2
80½	F.P.	27/7	105½	95½	Fairline Boats	98½	......	b5.2	2.5	7.5	7.1
160	F.P.	5/9	190	185	Mercantile House	188	......	10.72	2.3	8.1	7.7
**	F.P.	10/8	37	26	Mettoy Dfd.	35	......	—	—	—	—
¶¶	F.P.	—	37	30	St. George Assets 10p	34	......	bd1.0	1.5	4.2	22.0
160	F.P.	8/8	200	192	StandardTel.&Cables	200	+8	b8.0	2.1	5.7	12.0

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
¶91	F.P.	21/9	87	86	Aurora 8¼ Conv. Cum. Pref.	86	......
**	F.P.	21/9	104p	101p	Bradford Prop. 10½% Cum. Pref.	104p	+1
100	F.P.	20/7	101½	92	English & Overseas Inv. Conv.	93	......
¶96½	£10	29/11	12¼	8¾	Essex Water 8% Red Pref. 1984	11¾	......
¶¶	F.P.	—	73½	73	Lonrho 9% 2nd Mort. Deb. 87/92	73½	......
¶¶	F.P.	—	90½	89½	Do. 12¾% 2nd Mort. Deb. 85-90	90½	......
¶¶	F.P.	—	99	97	Do. 12⅞% 2nd Mort. Deb. 80-85	98½	......
97	F.P.	24/8	99¼	97¾	Scot. Agricultural Sec. 13% Deb. 97-99	99	......
100p	—	7/9	102p	100p	Stonehill 10½% Cum. Prf.	102p	+1
¶98	F.P.	24/8	101½	100½	Sund. & S. Shields Water 8% 1986	101	......
¶98	£10	16/10	13¾	10½	Wrexham Water 8% 1984	13¼	......

"RIGHTS" OFFERS

Issue Price p‡	Am'unt Paid up	Latest Renunc. Date		1979 High	1979 Low	Stock	Closing price p‡	+ or −
14	F.P.	23/8	21/9	19	17	Abwood Machine Tools	17½	......
25	F.P.	24/8	14/9	75	65	Bank & Commercial	74	−1
110	Nil	4/9	19/10	20pm	17pm	Bank Leumi	17pm	......
A$2	Nil	—	—	60pm	57pm	Bank of New South Wales	60pm	......
30	F.P.	3/8	24/8	41	37	Control Securities	37	......
21	Nil	—	—	4pm	3½pm	Dares Estates	3½pm	−1
60	F.P.	8/8	7/9	82	77	Goldberg (A)	79	−2
60	F.P.	6/8	31/8	121	100	Hanson Trust	118	−1
47	F.P.	30/7	28/8	52	47½	Hargreaves	53	......
115	F.P.	20/8	21/9	135	124	Hay's Wharf	131	......
88	F.P.	27/7	24/8	101	91	Highland Dist.	92	......
155	F.P.	13/7	24/8	209	182½	Holt Lloyd Intl	206	......
10	F.P.	5/7	7/9	118	107	Intl. Timber	117	......
30	F.P.	—	—	41	36	Lennons	40pm	......
110	Nil	—	—	12pm	10pm	Letraset	10pm	−2
5	Nil	30/8	18/9	5pm	3pm	London Inv. Trust	3½pm	−1
5cts	Nil	15/8	17/8	1pm	Nil	Ovenstone	Nil	......
157	F.P.	20/7	24/8	75	60	UBM	74	......
10	Nil	5/9	17/10	2pm	1pm	Yorkgreen Invs.	1½pm	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *pt* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 Income shares and 10 Capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Thurs., Aug. 23, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed. Aug. 22 Index No.	Tues. Aug. 21 Index No.	Mon. Aug. 20 Index No.	Fri. Aug. 17 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	242.63	−0.5	17.88	5.90	7.19	243.28	242.63	243.97	247.95	244.49
2	Building Materials (27)	225.35	−0.5	18.50	5.93	7.05	226.46	226.39	227.88	232.65	221.86
3	Contracting, Construction (28)	369.08	+0.4	24.74	5.87	5.05	367.64	368.67	369.83	378.40	400.43
4	Electricals (15)	613.21	−0.4	13.31	3.79	10.06	615.61	611.16	614.27	623.03	527.63
5	Engineering Contractors (12)	350.48	−1.0	20.75	6.90	6.02	353.87	353.39	354.58	362.74	362.41
6	Mechanical Engineering (74)	171.94	−1.0	19.46	6.78	6.54	173.62	173.59	174.64	176.98	195.33
8	Metals and Metal Forming (16)	161.12	−0.3	19.42	9.29	6.40	161.65	160.98	162.08	164.11	178.55
11	CONSUMER GOODS (DURABLE) (52)	234.87	−0.1	15.65	4.97	8.02	235.22	233.54	234.08	236.49	223.50
12	Lt. Electronics, Radio, TV (16)	333.59	+0.3	12.10	3.79	10.67	332.75	330.03	330.22	332.08	275.79
13	Household Goods (13)	146.23	−0.3	19.92	7.47	6.16	146.70	146.17	149.01	151.34	184.96
14	Motors and Distributors (23)	112.01	−1.1	23.88	7.48	5.09	113.31	112.71	113.61	115.44	133.70
21	CONSUMER GOODS (NON-DURABLE) (171)	234.09	−1.1	16.71	6.07	7.45	236.73	236.96	238.16	242.08	220.77
22	Breweries (14)	283.31	−0.3	16.01	5.40	7.45	284.22	283.67	284.02	287.99	233.65
23	Wines and Spirits (6)	309.16	−1.2	17.78	5.81	7.03	313.01	311.46	313.04	316.90	283.93
24	Entertainment, Catering (17)	298.46	−0.6	16.60	6.82	7.90	300.39	297.82	299.22	306.22	269.84
25	Food Manufacturing (19)	205.15	−0.3	19.24	6.51	6.46	205.84	205.32	205.18	207.91	216.63
26	Food Retailing (15)	307.45	−1.2	12.03	4.16	9.91	311.29	313.58	313.50	317.44	225.17
32	Newspapers, Publishing (12)	413.87	−0.5	22.86	7.03	6.14	415.74	416.67	416.52	419.73	398.98
33	Packaging and Paper (15)	126.63	−0.8	23.21	8.80	5.58	127.60	127.71	127.59	129.28	146.38
34	Stores (41)	238.26	−2.3	12.29	4.38	10.67	243.90	246.04	248.45	253.42	210.70
35	Textiles (23)	155.59	−0.5	23.48	9.91	5.39	156.29	156.07	155.52	157.61	181.68
36	Tobaccos (3)	239.24	−0.2	23.83	9.30	4.74	239.83	238.92	241.38	245.52	262.94
37	Toys and Games (6)	77.07	—	22.42	8.74	5.66	77.07	78.59	78.89	79.25	121.68
41	OTHER GROUPS (99)	202.53	+0.3	15.72	6.21	7.83	201.89	201.34	201.76	204.14	214.21
42	Chemicals (18)	283.27	+1.7	17.91	6.82	6.52	278.64	277.16	278.70	281.74	300.29
43	Pharmaceutical Products (7)	228.75	+1.1	12.26	4.79	9.97	226.12	224.70	224.65	226.27	279.77
44	Office Equipment (6)	117.41	−0.6	16.84	7.15	7.46	118.15	116.44	116.70	119.22	142.49
45	Shipping (10)	442.25	−0.9	10.63	6.78	12.60	446.41	448.52	445.89	449.62	419.46
46	Miscellaneous (58)	239.31	−0.9	16.25	6.12	7.93	241.42	241.97	242.36	245.68	230.47
49	INDUSTRIAL GROUP (494)	235.68	−0.6	16.69	5.98	7.51	237.01	236.68	237.70	241.23	232.62
51	Oils (6)	608.93	−0.8	13.04	6.97	8.16	613.64	620.83	628.55	630.24	516.09
59	500 SHARE INDEX	266.17	−0.6	16.08	6.14	7.61	267.77	267.98	269.50	272.95	256.41
61	FINANCIAL GROUP (116)	187.92	−0.5	—	5.62	—	188.85	189.54	190.22	193.08	175.94
62	Banks (6)	213.93	−0.9	38.65	5.99	3.30	215.86	217.10	219.16	223.77	191.79
63	Discount Houses (10)	261.55	−0.3	—	7.02	—	262.45	263.98	263.09	264.96	217.62
64	Hire Purchase (5)	170.48	−1.1	19.46	5.09	6.58	172.35	168.81	169.00	172.44	166.81
65	Insurance (Life) (10)	151.57	−0.2	—	6.71	—	151.88	151.96	151.51	154.82	151.76
66	Insurance (Composite) (8)	124.59	−0.3	—	7.54	—	125.00	123.75	123.95	126.02	136.69
67	Insurance Brokers (10)	270.48	+0.5	18.51	6.78	7.73	269.04	269.37	269.83	269.54	355.97
68	Merchant Banks (14)	99.05	+0.6	—	5.56	—	98.46	99.00	99.37	99.55	86.16
69	Property (43)	359.02	−0.8	3.39	2.54	43.16	361.74	367.64	368.77	372.90	268.17
70	Miscellaneous (10)	117.94	−0.3	15.78	7.51	8.12	118.24	118.38	118.46	119.04	116.12
71	Investment Trusts (110)	212.80	−0.2	—	5.36	—	213.24	213.35	212.97	215.22	239.72
81	Mining Finance (4)	123.24	+0.5	16.16	6.13	7.59	122.65	121.85	122.73	123.55	108.32
91	Overseas Traders (20)	336.43	−0.7	15.56	7.58	7.86	338.74	339.42	342.89	345.20	331.32
99	ALL-SHARE INDEX (750)	244.29	−0.5	—	6.04	—	245.61	245.86	247.31	250.27	235.79

FIXED INTEREST PRICE INDICES

	British Government	Thurs., Aug. 23	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	105.12	−0.07	—	6.45
2	5-15 years	118.29	—	—	7.35
3	Over 15 years	125.04	—	—	9.00
4	Irredeemables	138.21	—	—	7.24
5	All stocks	115.43	−0.03	—	7.57

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Thurs., Aug. 23	Wed., Aug. 22	Year ago (approx.)
1	Low Coupons	5 years	9.95	9.91	8.74
2		15 years	10.47	10.45	10.98
3		25 years	10.98	10.99	11.60
4	Medium Coupons	5 years	11.89	11.84	11.50
5		15 years	11.98	11.97	12.10
6		25 years	0.00	0.00	12.12
7	High Coupons	5 years	12.26	12.23	11.61
8		15 years	12.46	12.45	12.58
9		25 years	12.37	12.37	12.79
10	Irredeemables		10.75	10.74	11.59

		Thurs., Aug. 23 Index No.	Thurs., Aug. 23 Yield %	Wed. Aug. 22	Tues. Aug. 21	Mon. Aug. 20	Fri. Aug. 17	Thurs. Aug. 16	Wed. Aug. 15	Tues. Aug. 14	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	58.64	†12.66	58.60	58.54	58.53	58.48	58.49	58.42	58.41	57.82
16	Investment Trust Prefs. (15)	50.89	14.18	50.89	50.89	50.89	50.89	50.89	51.11	51.11	51.52
17	Coml. and Indl. Prefs. (20)	71.18	12.57	71.24	71.14	71.14	71.29	71.29	71.40	71.40	70.82

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Gilt Int. Tst.	107.9	113.6	—	3.13
Abbey Capital	37.1	39.5	-0.3	4.85
Abbey Income	43.5	46.3	-0.2	7.56
Abbey Inv. Tst. Fd.	37.3	39.7	—	4.32
Abbey Gen. Tst.	49.4	52.6	-0.4	4.63
Equitas Prog. Tst.	69.1	72.9	-0.3	4.86

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	97.1	102.2	+0.1	12.01

Allied Hambro Group (a)(g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	70.7	75.6	-0.5	5.50
Brit. Inds. Fund	69.1	73.9	-0.5	5.49
Grth. & Inc.	40.2	43.5	-0.2	5.12
Elect. & Ind. Dev.	38.0	40.7	—	4.57
Allied Capital	75.5	80.8	-0.3	4.95
Hambro Fund	116.2	124.3	-0.7	5.69
Hambro Acc. Fd.	135.9	145.4	-0.7	4.61
Income Funds				
High Yield Fd.	72.3	77.4	—	8.84
High Income	70.1	75.0	-0.3	7.20
A. H. Eq. Inc.	40.5	43.3	-0.1	7.48
International Funds				
International	25.6	27.4	-0.1	2.93
Pacific Fund	36.5	39.1	-0.1	2.28
Secs. Of America	57.7	62.7	+0.1	2.04
Specialist Funds				
Smaller Co.'s Fd.	47.3	50.6	—	3.95
2nd Smlr. Co's Fd.	58.3	62.5	-0.1	4.00
Recovery Sits.	112.6	120.5	-0.3	5.45
Met. Min. & Cmdy.	46.3	49.5	—	5.25
Overseas Earnings	56.5	60.5	-0.1	4.79
Exempt Funds				
Far East Exempt	44.2	46.9	-3.4	3.05
Smaller Co. Exempt	73.6	77.3	-0.1	4.45
U.S.A. Exempt	102.0	106.1	+0.1	2.87

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	56.3	60.7	—	4.20

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	48.5	51.8	-0.2	4.72
Do. Accum.	64.9	69.4	-0.3	4.72

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Aug. 16	108.4	110.3	—	4.53
Gross Inc. Aug. 16	77.8	80.6	—	9.68
High Yield Aug. 16	85.5	88.6	—	9.59

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Inc.	104.5	111.1	—	4.10
Do. Acc.	129.7	137.9	—	4.10
G.T. Inc. Fd. Un.	173.4	184.4	—	8.10
G.T. U.S. & Gen.	139.2	148.0	—	2.70
G.T. Japan & Gen.	80.0	84.6	—	2.10
♦Gt. Pens. Ex. Fd.	220.1	231.0	—	—
G.T. Int'l. Fund	154.8	164.6	—	2.70
G.T. Four Yds. Fd.	54.4	57.8	—	—
G.T. Far East & Gen.	44.2	47.5	—	3.40

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

G. & A.	35.5	37.9	-0.2	5.09

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP 01-623 6114
Dealing only: 01-623 5766/5806

American Tst.	26.5	28.5	—	0.87
British Tst. (Acc.)	63.9	68.7	—	3.22
Commodity Share	29.6	31.8	—	3.17
Extra Income Tst.	24.1	25.9	-0.1	9.53
Far East Trust	30.4	32.7	-0.3	0.14
High Income Tst.	58.5	62.9	-0.1	9.49
Income Fund	75.8	81.5	-0.2	7.48
Ins. Agencies	14.11	15.09	—	4.23
Intl. Exempt Fd.	92.2	99.2	-0.6	6.96
Intl. Tst. (Acc.)	31.4	33.8	+0.2	0.97

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)
3 Frederick's Pl., Old Jewry, EC2 01-588 4111

Extra Income	29.5	32.1	—	9.40
Income	42.2	45.9	+0.1	9.00
Accumulation	77.0	83.7	-0.3	4.20
Growth	42.1	45.8	-0.1	4.70
Capital	46.0	50.1	—	3.70

INSURANCE & PROPERTY BONDS

OFFSHORE & O'SEAS FUNDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1979 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99¾	95⅝	Electric 4¼pc '74-79	99 xd	......	4.28	13.48
100¼	54⅝	Treasury 10½pc '79‡‡	99	+⅛	10.57	13.55
98¼	94½	Electric 3½pc '76-79	97	+⅛	3.57	13.39
99⅝	95⅞	Treasury 9pc 1980‡‡	98½xd	......	9.17	12.86
99⅝	95	Treasury 9½pc '80‡‡	97¾	......	9.72	12.69
97	92¼	Treasury 3½pc '77-80	94⅜	−⅛	3.70	10.87
97⅜	92⅞	Funding 5¼pc '78-80‡‡	95⅝	−⅛	5.50	11.29
103⅝	99	Exchequer 13pc 1980‡‡	100	−⅛	12.99	12.48
102⅛	96	Treasury 11½pc 1981‡‡	99	−⅛	11.57	11.97
93¼	88⅝	Treasury 3¼pc 1979-81	92¾	−½	3.77	8.82
99	92	Treasury 9¾pc 1981‡‡	96	−⅛	10.11	12.20
96¼	89½	Exch. 8¼pc 1981	94	−⅛	8.77	11.95
98	91¼	Exch. 9½pc 1981	95⅝	−⅛	9.93	12.05
91¼	84¼	Exch. 3pc 1981	89⅝	−⅛	3.33	8.63
98	96	Treas. Variable '81§§	97	......	14.18	15.19
104	97	Exch. 12¾pc 1981‡‡	101	−⅛	12.60	12.06
96⅞	88	Treas. 8½pc '80-82‡‡	93	−⅛	9.12	11.81
89½	82	Treasury 3pc '82‡‡	87¾	−⅛	3.41	8.58
108⅜	100⅜	Treasury 14pc '82‡‡	104¼xd	−⅛	13.42	12.05
97¼	94⅜	Treas. Variable '82§§	95⅞	......	14.39	15.61
95¼	85⅞	Treasury 8¼pc '82	92	−⅛	8.96	11.58
97¼	86½	Exch. 9¼pc 1982	93xd	−⅛	9.93	12.02
95⅞	84⅝	Exch. 8¼pc 1983	92	−⅛	9.47	11.54
86⅛	77¾	Exch 3pc '83	83½	−⅛	3.58	8.56
104⅜	93⅛	Treasury 12pc 1983‡‡	100½xd	−⅛	11.98	11.99
95	93½	Treas. Variable '83§§	93⅞	......	14.70	15.98
97¼	84½	Treasury 9¼pc '83	92	−½	9.96	11.57
98	85½	Exch. 10pc 1983	93½	−½	10.69	11.95
89½	78¾	Funding 5½pc '82-84‡‡	85½	−⅛	6.43	9.61
30	29	Exch. 11¼pc '84 £30 pd	30	−⅛	11.56	12.04
77¼	76⅝	Exch. 3pc 1984	77½	−⅛	3.89	8.94

Five to Fifteen Years

1979 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
101¼	97¼	Treasury 12pc 1984	99xd	......	12.08	12.19
110	93¼	Exch. 12¼pc 1985	103⅛	......	12.25	12.22
95	90	Treasury 8½pc '84-86‡‡	91⅞	......	9.35	10.38
112⅛	97¾	Exch. 13¼pc 1987	105½	......	12.70	12.52
84⅝	72½	Funding 6½pc '85-87‡‡	84½	......	7.91	9.87
88⅛	73½	Treasury 7¾pc '85-88‡‡	85⅝	......	9.14	10.51
70⅜	58⅜	Transport 3pc '78-88	66	......	4.57	8.64
73	61½	Treasury 5pc '86-89	71⅜	......	7.18	9.79
113⅞	93¼	Treasury 13pc 1990‡‡	105¼	......	12.52	12.32
89¼	72¾	Treasury 8¼pc '87-90‡‡	83⅜	......	10.08	11.18
106⅛	86¼	Treasury 11¾pc 1991	97¾	......	12.20	12.34
72½	60⅜	Funding 5¾pc '87-91‡‡	71¼	......	8.34	10.42
98⅝	89¼	Exch. 11pc 1991	94⅝	......	11.99	12.32
[illegible]						

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

107	100	Do. 14pc '79	101	......	14.24	—
108¼	98¼	Do. 14pc '83	104	......	13.46	12.74
86½	77½	ICFC 5½pc Deb. '80-82	83½xd	−½	6.52	11.79
85	71½	Do. 6¼pc Db. '81-84	79	−½	8.16	12.30
99	84½	Do. 10½pc Uns. Ln. '86	93	......	11.46	12.40
99	84½	Do. 11pc Uns. Ln. '88	95	......	11.51	12.10
101½	84	Do. 11¾pc Uns. Ln. '90	97	......	12.34	12.60
72½	57	Do. 7¼pc A Deb. '89-92	66½	−½	11.12	12.90
69	53½	Do. 7¼pc A Db. '91-94	64½xd	......	11.24	12.60
81½	64½	Do. 9pc 'A' '91-94	75½xd	......	11.92	12.78
78½	62½	Do. 8¾pc Ln. '92-97	72½xd	......	12.24	12.70
102	95½	Do. 12pc Uns. Ln. 1992	99xd	......	12.58	12.50

FOREIGN BONDS & RAILS

1979 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
35	22	Antofagasta Rly.	35	......	—	—
45	37	Do. 5pc Pref.	45	......	—	—
98	98	Chilean Mixed	98	......	—	13.10
31	18	Chinese 4½pc 1898	24	−1	—	—
35	21	Do. 5pc 1912	21	......	—	—
20	10	Do. 5pc 1925 Boxer	10	......	—	—
430	400	German Yng. 4½pc.	425	......	4½	8.36
52	35	Greek 7pc Ass.	41	......	3½	8.76
51	34	Do 6pc 28 Stab. Ass.	40	......	6	7.53
42	32	Do 4pc Mixed Ass.	37	......	4	5.45
54	42	Hung. '24 Ass	54	......	—	5.10
68	68	Iceland 6½pc '83-88	68	......	—	13.05
90½	78½	Ireland 7½pc '81-83.	86	......	7½	12.41
87½	69	Do 9¾pc '91-96	82½xd	......	9¾	12.20
390	230	Japan 4pc '10 Ass	250	......	—	—
73	65	Do 6pc '83-88	67	......	6	12.00
160	135	Peru Ass. 3pc	150	......	3	1.75
75p	75p	S.G.I. 6½pc 1980	75p	......	6½	8.67
$94½	$94½	Turin 9pc 1991	$94½	......	9	9.53
DM91	DM91	Turin 6½pc 1984.	DM91	......	6½	8.45
97	95	Uruguay 3½pc	96	−1	3½	3.80

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

1979 High	Low	Stock	£	+ or −	Div. Gross	C'vr	Y'ld Gr's
20¼	11¾	ASA	13⅝	+⅛	$1.00	—	3.3
59	40	AMF 5% Conv. '87	42	......	5%	—	12.5
21¾	14⅝	Abbott Labs.	19xd	−⅛	84c	—	—
25⅞	17	Amax $1	19⅝	−⅜	$1.6	—	3.7
23½	15⅛	American Express	18¼	......	$1.80	—	4.4
24½	13¼	Amer. Medic. Int.	16¼	−¼	60c	—	0.0
14⅝	847p	Asarco Inc.	11¾xd	+⅛	$1.00	—	3.8
[illegible]							

S.E. List Premium 11⅛% (based on US$2.2270 per £)
Conversion factor 0.8967 (0.8985)

CANADIANS

[illegible]

S.E. List Premium 11⅛% (based on $2.5917 per £)

BANKS AND HIRE PURCHASE

[illegible]								
£17¾	930	Com'zbk DM 10	975p	−12	Q26.6%	—	7.0	—
£18½	£10¼	C'hgn. Hbk. Kr100	£10¼	......	Q12%	—	11.1	—
41	29	Corinthian 10p	38	......	1.05	5.9	3.9	4.4
£24¾	£15	Cred. France F75	£17	......	Q9.87%	—	3.8	—
16	12	Dawes (G. R.)	13	......	—	—	—	—
£121	£64	Deutsche Bank DM50	£66	−1	Q28.12%	—	5.2	—
90	63	F. C. Finance	63	......	2.2	4.9	5.0	5.8
8¼	5¼	First Nat. 10p	5½	−¼	—	—	—	0.4
4	2	Do. Wrts. 75-83	2½	......	—	—	—	—
266	178	Gerrard Natnl.	264	−2	9.12	—	4.9	—
62	39	Gibbs (A.)	50	−2	2.2	—	6.3	—
270	217	Gillett Bros. £1	221	−2	†16.95	—	11.0	—

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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هكذا من الأصل

INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Continued

MINES—Continued

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TEAS

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Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

\$17½	\$10½	Buffels R1	\$17	......	0200c	ϕ	14.2
\$15½	890c	East Drie R1	\$13¾	+⅛	†0115c	1.6	10.1
\$10¾	350	East Rand Prp. R1	\$10⅞	−⅛	†010c	—	1.2
\$29¾	\$18¾	F.S. Geduld 50c	\$29¾	+¼	†0315c	2.4	12.8
\$20¼	\$11⅛	Pres. Brand 50c	\$19¾	−½	†0150c	3.2	9.2
\$18⅝	\$10¼	St. Helena R1	\$15⅝	+¼	†0190c	1.4	12.4
760c	407c	Stilfontein 50c	730c	−10	†066c	1.7	10.9
\$35¾	\$18¾	Vaal Reefs 50c	\$33⅜	......	†0280c	2.7	10.5
\$50¼	\$28¼	West Drie R1	\$48¼	+¼	Q615c	ϕ	15.3
\$36½	\$22⅞	West Hldgs. 50c	\$35	+½	†0415c	1.4	14.3
\$18½	\$10⅞	Western Deep R2	\$16¼	−⅛	†047½c	2.1	11.7

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling or in EEC currencies are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ≑ Not comparable.
- ϕ Same interim: reduced final and/or reduced earnings indicated.
- ϕ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ≑ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1976. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 28

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......	Sindall (Wm.)	165	......
Bertam	22	......	**IRISH**		
Bdg'wtr. Est. 50p	410	......	Conv. 9% '80/82	£86½	......
Clover Croft	28	......	Nat. 9¾% 84/89	£71⅓	......
Craig & Rose £1	£11½	......	Fin. 13% 97/02	£86¼	......
Dyson (R. A.) A	25	......	Alliance Gas	85	......
Ellis & McHdy.	180	......	Arnott	330	......
Fife Forge	52	......	Carroll (P.J.)	110	+3
Finlay Pkg. 5p	19½	......	Clondalkin	80	......
Graig Ship. £1	315	......	Concrete Prods.	80	......
Higsons Brew.	75	......	Heiton (Hldgs.)	75xd	......
Holt (Jos) 25p	260	......	Ins. Corp.	190	......
I.O.M. Stm. £1	150	−5	Irish Ropes	70	......

OPTIONS

3-month Call Rates

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Friday August 24 1979

Cuts in Civil Service likely to be flexible

BY PAUL TAYLOR

THE GOVERNMENT is likely to adopt a flexible approach to Civil Service manpower cost cuts.

Ministers are mainly concerned to resolve sharp differences between departments and avoid industrial disputes, while cutting public expenditure in real terms by April 1982.

The need for a sensitive approach—rather than a blanket cut in staff costs—is becoming more apparent as departments submit their estimates of the possible effects of 10, 15 and 20 per cent cuts in manpower costs.

This will be further reinforced when national staff side leaders meet Lord Soames, Lord President of the Council and the Minister in day-to-day charge of the Civil Service, on September 11.

At this meeting, union leaders are expected to tell Lord Soames that, unless a sensitive approach is adopted, they cannot guarantee good industrial relations. The staff side will ask for—but is unlikely to be given—a commitment not to impose any compulsory redundancies.

Following this meeting, Lord Soames is expected to take a series of "recommended" staff cost reductions to at least two Cabinet meetings for approval.

Cabinet discussions are expected to be protracted because of differences between individual Ministers. The Cabinet appears to be splitting into at least three factions—those in favour of heavy cuts of about 20 per cent. Ministers like Sir Keith Joseph, Industry Secretary, and Mr. John Nott, Trade Secretary, who have said they are unwilling to accept the 20 per cent option and those who are sceptical about the entire exercise.

Advantages

Given this divergence of opinion, the Cabinet is expected to opt for a selective approach, perhaps averaging a 15 per cent cut, which will set varying manpower cost reduction targets for different departments.

This approach would have clear advantages for a Cabinet wishing to avoid the worst effects of a 20 per cent across-the-board cut but which also faces a party conference in October.

No final decision has been taken on the shape or size of the cuts although many of the detailed effects implied by the cost review have already become public. However, the Cabinet has already decided to stabilise the total volume of public spending in 1980-81 at this year's level. This will be reflected in the annual White Paper to be published in November.

A 20 per cent cut in Civil Service manpower costs could mean the loss of 150,000 jobs over the next two years but, given natural wastage rates of up to 8 per cent a year, this could probably be achieved with only a few compulsory redundancies.

Both Civil Service Ministers and officials have stressed that the review is aimed at cutting manpower costs rather than the number of staff.

Since the savings on manpower costs, currently about £3.64bn a year, are to be made over two years, the Government's final decision is likely to have more of an impact in the long term rather than immediately.

Public sector's borrowing high in first quarter

BY DAVID FREUD

BORROWINGS BY the public sector in the first three months of the financial year was running at a high level, although this was well before the June Budget measures had time to take effect.

The Central Statistical Office announced yesterday that the Public Sector Borrowing Requirement was £2.8bn in the first quarter of the financial year, on a seasonally-adjusted basis.

This is equivalent to an annual rate of £11.2bn, compared with the Budget projection of £8.3bn for the whole of 1979-80 after £1bn of asset sales.

The taxation and public spending cuts have not yet had an impact on the borrowing requirement, however, and officials said the first-quarter figures gave no reason for increasing the Budget forecast.

Post Office

Borrowing was also boosted by an estimated £200m over the quarter because of the strike in the Post Office which has delayed computer billing, on its telephone accounts.

Borrowing is likely to continue at much the same level through the second quarter of the 1979-80, financial year, with a downturn in the second half.

The second quarter borrowing total will be pushed up as the July rebates following the raising of the tax allowances work their way through the system.

An additional £1.1bn rebate becomes payable in the third quarter, as a result of tax rate changes. This will tend to push up the borrowing requirement further.

In the third quarter the Government will begin to receive additional indirect tax from the increase in VAT to 15 per cent. This should produce about £2bn in the second half of the year. At the same time, public expenditure cuts are likely to reduce borrowing.

Local authorities and public corporations made substantial repayments of debt to market sources of finance, while increasing their borrowing from central government.

They borrowed £1.2bn from central government in the first quarter, compared with £99m in the previous three months. By contrast, borrowings of £1.4bn from outside sources in January-March were transformed into net repayments of £457m.

It is likely that the shift is explained by the start of a new loan quota period and below-market Government interest rates.

PUBLIC SECTOR BORROWING REQUIREMENT
(seasonally adjusted)

		£bn
1977-78		5.56
1978-79		9.27
	1st	1.88
	2nd	2.09
	3rd	2.66
	4th	2.64
1979-80		
	1st	2.80

Source: Central Statistical Office

ICI still moving forward

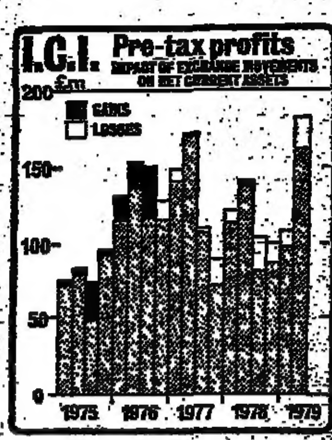
THE LEX COLUMN

The stock market had been expecting a strong recovery in ICI's profits after the depressed first quarter and the company has not let the side down. Pre-tax profits have jumped from £98m to £162m between the two quarters, UK exports have hit a new record and a £17m contribution from the Ninian oilfield was higher than expected. As a final sweetener, the interim gross dividend has been raised by 15 per cent and the message seems to be that ICI is learning to live with a strong currency. The shares closed 11p up on the day at 351p where a prospective yield of 9.0 per cent seems a comfortable support against the threatened recession.

With sharply higher feedstock prices there is undoubtedly an element of stock profits within this improved performance but ICI is playing this down and estimates suggest that it was of the order of £20m-£30m in the second quarter. The main factor has been an 11 per cent rise in volume plus a 5 per cent rise in prices.

The contrast between the first and second quarters is distorted by the rapid recovery from the UK industrial disputes. Nevertheless, first half profits (excluding exchange rate movement) are 13 per cent up on the comparable period of last year and 41 per cent up on the preceding half year. To set this in context Hoechst reported a 43 per cent rise in first half group pre-tax profits yesterday.

Against Hoechst, ICI's performance looks less impressive but in common with other chemical majors ICI is still saying that it has no real evidence as yet that the long awaited downturn has arrived. It seems to have been able to pass on most of its higher feedstock prices and the growing contribution from Ninian is proving a useful cushion. A few months ago it looked as if the latter would contribute £40m in 1979—now the figure looks likely to be closer to £70m. As a result ICI's pre-tax profits should comfortably top £500m this year (against £421m). But the question mark over the size of the recession in 1980 still remains.



House of Fraser

Despite the strong retail sales pattern at the beginning of its second quarter (May to July), House of Fraser's pre-tax profits are 6 per cent lower at £6.5m and down by a similar margin at £7.8m in the first half as a whole. The slackening tourist trade has caused problems at the London stores, and after a poor spring fashion season there was an unusually ruthless slashing of price to dispose of stocks in the summer sales. The depreciation charge is significantly higher, and interest costs have been swollen by an increase in credit business; at the end of July debtors were 30 per cent above the level of a year earlier.

For the first half of the year, volume was more or less flat. So far in August it is actually down, and the group is relying on the October tax rebates to boost trading through into the all-important last quarter, which should account for well over half of annual profits. House of Fraser customers will receive more handsome tax rebates than most, and in any case the second half of the current year will be flattered by comparison with the dullish performance in 1978-79. Unless trading is disrupted—as it was by the strikes last January—the group should make a good £42m in the year as a whole, against £38m last time.

Overruling pressure from its Lonrho-appointed element for a more substantial rise in the dividend—which last year was covered 3.9 times by reported earnings—the Board is raising the interim by 27 per cent to 2p net. If the final is raised in line, the yield at 131p is 6.2 per cent and the prospective p/e about 9½, fully-taxed. The 7p fall in the shares yesterday in response to figures that are no more than mildly disappointing, is an indication of the nervousness of the stores sector.

DCL

Is it ED 18, Sandilands, or in line with latest thinking from the U.S.? These were some of the questions inflation accounting buffs were asking yesterday as they wrestled with the latest bit of innovative thinking from Distillers.

The groups does not agree with the Hyde and ED 24 methods of inflation accounting, and the chairman said as much last year. The Distillers view is that accounting for inflation means taking account of currency debasement, so that figures prepared at a particular date, whether historical or current cost, are not directly comparable with figures relating to an earlier date if the value of money has changed in the meantime.

Last year Distillers published summarised CCA accounts without any gearing adjustment. This time the same approach is followed. But in addition Distillers has had the courage of its convictions. It has adjusted the 1978 comparative figures for the change in the retail price index. Taking the logic a stage further, Distillers has come up with a "statement of annual surplus." This looks a bit like the ED 18 appropriation account and includes both operating and holding gains, from which dividends and the amount required to maintain the value of shareholders' funds are deducted. The net outcome is a deficit of £4m, on which basis Distillers could be said to be paying part of its dividend out of capital.

The Distillers method suffers from the disadvantage that it is unlikely to be operable under the provisions of the EEC fourth directive, because by taking holding gains into account it offends against the rule that only realised surpluses may be included in income calculation. On the other hand it does point to a basic comparability problem which ED 24 has not ackled.

Spillers bid

Rival merchant banks were raising discreet eyebrows yesterday as it became clear that Lazards has put almost £9m of its own funds into buying nearly an eighth of Spillers. Lazards is acting for Dalgety in its bid for Spillers, and has close links with its client. There are practical reasons for a bank to buy loose shares in the market rather than the bidder itself; in a close run affair, such a move makes it easier to mop up an outstanding minority under section 209 of the Companies Act, and there are also potential stamp duty advantages.

But the scale of Lazards' commitment is surprising. The bank's disclosed net worth is £40m, and if the bid succeeds it will receive Dalgety paper. If it fails, the bank will certainly have earned its fee.

Atkins declines invitation to New York talks on Ulster

BY ELINOR GOODMAN, LOBBY STAFF

MR. HUMPHREY ATKINS, Northern Ireland Secretary, has formally rejected the invitation from Governor Hugh Carey of New York, to discuss Northern Ireland with Mr. Michael O'Kennedy, the Irish Foreign Minister in the U.S.

The decision, conveyed to Governor Carey by letter, was taken after a meeting yesterday between Mr. Atkins and the Prime Minister at which they apparently agreed that the kind of talks Governor Carey had in mind were too close to negotiations about the future of the Province to be acceptable to the British Government.

Mr. Atkins said that it would be wrong for a member of the British Government to participate in discussions or negotiations about the political future of a part of the UK anywhere outside the UK.

Mr. Atkins will, however, go to America this year in a bid to counter IRA propaganda in the U.S. and to put across the British Government's position at a time when American politicians might be trying to ingratiate themselves with Irish Roman Catholic voters.

Earlier this month, Mr. Atkins put out a statement indicating that he was considering a visit to talk about Ulster.

He made clear, however, that any talks would seek to clarify British policies and that there was no question of negotiating the future of Northern Ireland in America. When Governor Carey's written invitation arrived, it was clear that he hoped that the two Ministers would use the talks as a forum for negotiation.

The Government has always insisted that the future of Northern Ireland is a matter for itself and the people of Ulster. The suggestion that Mr. Atkins might discuss it in New York provoked protest from Ulster Protestants.

Mrs. Thatcher, who returned from holiday this week, was apparently anxious that the matter should be settled rapidly and asked to see Mr. Atkins yesterday.

Stewart Dalby writes from Dublin: The Irish Government is keen on involving the U.S. in finding a solution to Northern Ireland's troubles.

The Cabinet in Dublin has given approval for Mr. Michael O'Kennedy, the Foreign Minister, to take part in Mr. Carey's talks.

Whether Governor Carey's talks amount to a formal conference or not, Mr. O'Kennedy will visit the U.S. shortly, and will probably see leading Irish-American politicians.

In November, Mr. Jack Lynch, the Irish Prime Minister, is to visit the U.S. as head of the EEC Council of Ministers. He will also see Senator Edward Kennedy, Daniel Patrick Moynihan, Speaker Tip O'Neill, Governor Carey, and President Carter.

How hard he will urge the President to make a move on Northern Ireland is still not clear, since the timing of the visit, probably just before the U.S. Presidential elections, is delicate.

However, although the Irish Government has agreed not to press Mr. Atkins too hard for a political initiative until he has had a breathing space, it intends to keep the issue in front of Irish-American politicians, and, through them, the U.S. Administration.

China may introduce free market forces

BY OUR FOREIGN STAFF

THE CHINESE Government is considering plans to encourage the spread of market forces with its centrally planned economy.

Vice-premier Li Xiannian said yesterday that political and ideological education was not enough to motivate people down to the worker level. People needed to eat, lead a decent life and improve their living standards.

Mr. Li, Vice Chairman of the Economic and Finance Commission just created to orchestrate the activities of the country's various planning bodies, said new economic policies had been proposed which would reshape the national economy. The Government hope that by encouraging competition between enterprises and offering material incentives, higher productivity would be achieved along with more reliable standards of product quality.

He told a delegation of Reuter executives visiting Peking that the guiding principle for workers should be: "If you do more, you get more; if you do less, you get less; if you don't work at all, you get nothing.

"We think that only by so doing can we possibly fire the enthusiasm of workers." Mr. Li confessed that, the Chinese often criticised capitalism for its "blindness" in terms of economic development, but "there is blindness in a socialist economy, too."

Mr. Li's comments provide formal acknowledgement of numerous economic developments noted recently. First, lossmaking enterprises have been warned that they cannot rely on state support indefinitely. They will soon have to stand on their own.

As such, the Government is shifting responsibility for profitability away from central planners to local enterprises, and insisting that managers learn to respond to market forces.

Second, hundreds of thousands of the urban unemployed are being provided with grants to set up their own enterprises. While alleviating the acute urban unemployment problem, this will provide competition for state-controlled enterprises.

Third, profitable enterprises are now being allowed to retain their profits, and workers can for the first time expect to see hard work rewarded with bonuses and higher wages.

Lorry drivers put claim

BY NICK GARNETT, LABOUR STAFF

WAGE BARGAINING has started for private haulage lorry drivers, whose strike at the beginning of the year was the most financially damaging of any during the period of the last Government. A claim for substantial rises has been submitted for West Yorkshire drivers.

The area, covering mainly Leeds and Bradford, is the first of the Road Haulage Association regions due to settle in the coming wage round. The existing settlement expires at the beginning of November.

West Midlands and Hull folow at the end of the year together with agreements in most of the other areas, including Scotland.

The claim on behalf of 4,000 "hire and reward" drivers in Leeds and Bradford includes a substantial increase on basic rates, improvements in holiday pay and entitlement, meal and overnight subsistence allowances, as well as a 35-hour week.

In the settlement early this year, which followed protracted strike action and prompted introduction of the TUC's code on picketing and industrial disputes, the drivers secured their full 22 per cent money claim on basic rates.

However, they achieved nothing on hours. National officials of the Transport and General Workers Union warned employers that they would face a battle this year if they did not concede a shorter working week.

The union has tied the claim for a shorter working week to growing EEC restrictions on drivers' hours and the possible effect of that on earnings.

The employers say, however, that regulations to come fully into force in the next two years would have only a marginal effect on a few groups of drivers, particularly operators on long-distance trunk routes.

The strike earlier this year involved an estimated 30,000-50,000 drivers and the settlement had widespread pay implications for other groups

Continued from Page 1

ICI

for the first six months were £2.567bn compared to £2.216bn last year.

The value of sales in the UK rose by £175m to £1.050bn, and in overseas markets they rose by £176m to £1.517bn. The total value of ICI's UK exports in the first half was £523m, £88m up on last year.

Sales for the second quarter alone were £1.382bn, £197m higher than in the first quarter. But the group's exchange loss of £20m was also up on the £9m loss of the first quarter.

Results for the first three months of 1979 were particularly poor. ICI estimates that profits were cut by about £30m by the road haulage strike in January. That has helped to highlight the improved performance of the second quarter.

Hoechst, the world's largest chemical company, increased total sales from DM 12.13bn in the first half of last year to DM 13.03bn this year. The biggest increases were in organic chemicals, chemicals and agrochemicals.

Weather

UK TODAY

CLOUDY. Showers, heavy in places. Cool.

London, S.E., Central S. England, E Anglia, Midlands
Cloudy. Showers, prolonged at times. Max. 17C (63F).

S.W., E., N.W., Central N., N.E., Lakes Channel Is.
Sunny intervals, scattered showers. Max. 16C (61F).

Wales, Isle of Man, Argyll, N.W. Scotland, N. Ireland
Cloudy, showers. Cool. Max. 14C (57F).

Borders and Rest of Scotland
Bright intervals, scattered showers. Max. 15C (59F).

Outlook: Cloudy, rain in parts. Generally cool.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	21	70	Lisbon	S	22	72
Algiers	S	32	90	Locarno	C	21	70
Amsdm.	C	14	57	London	C	15	59
Bahrain	S	38	100	Luxmbg.	F	18	64
Barclna.	F	26	79	Madrid	S	30	86
Beirut	S	30	86	Majorca	F	27	81
Belfast	C	12	54	Malaga	S	26	79
Belgrd.	F	26	79	Malta	S	28	82
Berlin	F	21	70	M'chstr	R	11	52
Biarritz	C	16	61	Melbne.	S	14	57
Brghm.	C	13	55	Mex. C.	C	20	67
Blackpl.	R	11	52	Milan	F	25	77
Bordx.	C	19	66	Mntreal.	S	22	72
Boulgn.	C	14	57	Moscow	F	22	72
Bristol	C	13	55	Munich	C	20	68
Brussels	R	16	61	Nairobi	S	23	73
Budpst.	S	26	79	Naples	F	26	79
B. Aires	R	13	55	Nwcstl.	F	12	54
Cairo	S	34	93	N. York	C	23	73
Cardiff	R	12	54	Nice	F	24	75
Cas'b'ca	S	24	75	Nicosia	S	28	82
Cape T.	S	19	66	Oporto	S	22	72
Chicago	C	25	77	Oslo	F	16	61
Cologne	C	17	63	Paris	F	18	64
Cpnhgn.	F	17	63	Perth	S	21	70
Corfu	S	27	81	Prague	F	21	70
Dublin	R	14	57	Reykjvk.	S	14	57
Dbrvnk.	S	25	77	Rhodes	S	27	81
Ednbgh.	R	12	54	Rio J'o	S	25	78
Faro	S	25	77	Rome	S	26	79
Florence	S	28	82	Salzbrg.	S	25	77
Frankft.	F	19	66	Singapr.	C	30	86
Funchal	F	22	72	Stckhm.	F	16	61
Geneva	C	21	70	Strasbg.	R	17	63
Gibrltr.	S	26	79	Sydney	S	15	59
Glasgow	F	14	57	Tehran	S	24	75
G'nsey	C	15	59	Tel Aviv	F	29	84
Helsinki	S	19	66	Tokyo	S	30	86
H. Kong	C	30	86	Toronto	Fg	19	66
Innsbrk.	F	24	75	Tunis	S	34	93
Invrnss.	F	13	55	Valencia	S	28	81
I.o.Man	F	16	61	Venice	S	26	79
Istanbul	R	19	66	Vienna	S	26	79
Jersey	C	15	59	Warsaw	F	24	75
Jo'burg	C	14	57	Zurich	C	18	64
L. Plms.	S	24	75				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny.

East German recycling drive

BY LESLIE COLITT IN BERLIN

EAST GERMANS from 10-year-old Young Pioneers to 75-year-old pensioners with rucksacks are scouring the country for used bottles, old rags and newspapers, discarded tin cans, bottle caps, and burnt-out cooking-pots.

The State recycling agency in East Berlin reports that record amounts of used materials have been collected. The country could beat its target of supplying 75 per cent of its steel needs this year from scrap.

The drive to collect "secondary raw materials"—the word "junk" is avoided—is the most intense since the 1930s, when Germans were urged to save virtually everything to aid the rearmament effort.

In East Germany's case, recycling never went out of favour. The economy has always been hard-pressed for raw materials, of which East Germany has few. But the urgency is now greater than ever. Prices for raw materials imported from the West and the Soviet Union are soaring, and East German exports are earning an inadequate income.

Apart from recycling steel, East Germany is expected to recycle 45 per cent of its paper and 60 per cent of glass jars and bottles. These figures, while high, are virtually unchanged from 1974, indicating that more prosperity has not ended careful habits. Soft-drink cans are unknown, and packaging is generally the minimum necessary.

One of the semi-retired collectors explains to a visitor that a "million reused bottles and glass jars save 300 tonnes of sand, 100 tons of soda, 60 tonnes of heating-oil, and 180,000 kilowatt hours of electricity."

This pick-up point alone gets a monthly 60,000 bottles and jars, 25 tonnes of paper, eight tonnes of used clothing, and 10 tonnes of scrap metal. There are also 49 private dealers in East Berlin, who deliver to the state recycling enterprise.

Herr Helmut Schmidt, East Germany's Deputy Minister for Materials, says the "cost of collecting 1m Marks of secondary raw materials is about one-fourth of that for primary raw materials." By 1980 the goal is to supply 10 per cent of the important raw materials used by recycled products. This is to be raised to 12 per cent by 1985.

The East German Communist Party, which has coined the phrase "Time is gold" (instead of money) has yet to come up with a slogan for recycling secondary materials. One East German consumer affairs writer did come up this week with the line that "even Communism is not going to be a wasteful society."

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